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THE PRESIDENT'S REPORT ON THE U.S. MILITARY PRESENCE IN EAST ASIA

HEARINGS

BEFORE THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

APRIL 19, 1990

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THE PRESIDENT'S REPORT ON THE U.S. MILITARY PRESENCE IN EAST ASIA

THURSDAY, APRIL 19, 1990

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 9:06 a.m., in Room SD-106, Dirksen Senate Office Building, Senator Sam Nunn (chairman of the committee) presiding.

Committee members present: Senators Nunn, Levin, Dixon, Wirth, Shelby, Warner, Thurmond, McCain and Gorton.

Committee staff members present: Arnold L. Punaro, staff director; and Daniel G. Sakura, research assistant.

Professional staff members present: Robert E. Bayer, Richard D. Finn, Jr. and David S. Lyles.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Brian D. Dailey, Judith A. Freedman, George W. Lauffer, and Durwood W. Ringo, Jr., professional staff members.

Staff assistants present: Barbara L. Braucht, Claire M. Kelly, Kelli J. Pronovost and Debra A. Rice.

Committee members' assistants present: Andrew W. Johnson, assistant to Senator Exon; Kenneth N. Luongo, assistant to Senator Levin; Phillip P. Upschulte, assistant to Senator Glenn; Jefferson B. Seabright, assistant to Senator Wirth; Terence M. Lynch, assistant to Senator Shelby; James M. Bodner, assistant to Senator Cohen; Patrick F. McCartan, assistant to Senator Wilson; Lee E. Whittaker, assistant to Senator Wallop; Robert M. Soofer, assistant to Senator Gorton; Charles G. Pearcy, assistant to Senator Lott; and Eric H. Thoemmes, assistant to Senator Coats.

OPENING STATEMENT OF SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. The committee will come to order.

The Armed Services Committee meets this morning to receive testimony on the future of the U.S. military presence in East Asia.

In 1989, several members of our committee cooperated in a legislative effort to stimulate long-term planning for our military forces deployed around the world. In particular, I worked closely with Senators Warner, Levin and McCain to develop a strategic response to the domestic and foreign changes that inevitably affect our overseas force posture. These changes are well-known to everyone: the decrease in the Soviet and Warsaw Pact threat; the progress of arms control negotiations; the consolidation of our allies' economic strength; and the continuing fiscal pressures and declining defense budget here at home.

In response to these developments, members of the Armed Services Committee sponsored a series of amendments to the Defense Authorization Act for fiscal years 1990 and 1991. Two of these amendments directed the President to prepare a comprehensive report on the future role and structure of U.S. military forces in East Asia. Today's hearing will provide an opportunity for an exchange of views between the administration and the committee on the results of this analysis.

I made it clear in a recent series of speeches on the Senate floor that I believe the United States should reduce and reorganize its forces in both Europe and East Asia. The challenge to the United States and our allies is to manage this process so that the size and missions of our combined military forces are tailored to the threat that we now face, the strategy that will evolve in response to that changing threat and also to the resources that support this strategy.

The unclassified and classified reports that the President is submitting to the Congress today should help us to understand the future of our military presence in East Asia. It is, in effect, a roadmap that the administration intends to follow for the next several years. I consider this a serious and responsible effort by the Bush administration and by the Defense Department that clearly is the product of much hard work, coordination and thought. I certainly should add the State Department in there, too, because I am sure they played a role. This deserves our careful study.

I might add that I understand from senior officials in the Defense Department that this reporting requirement was useful in stimulating the bureaucracy to undertake this strategic review, and we hope that is the case.

I would like to welcome the panel of administration officials who will testify on the President's report today. The leader of this team of witnesses is Mr. Paul Wolfowitz, the Under Secretary of Defense for Policy.

Paul, we are delighted to have you here today.

Mr. Wolfowitz is accompanied by Mr. Carl Ford, the Principal Deputy Assistant Secretary of Defense for International Security Affairs. Carl has been familiar to us for a long time.

We are glad to have you here, Carl.

Also, Ambassador Allen Holmes, U.S. Ambassador-at-Large for Burdensharing.

Allen, we are glad to have you here.

And, Rear Admiral William Pendley, the Director of Plans in the U.S. Pacific Command.

Admiral, WELCOME. We are glad to have you here.

We appreciate all of you being here this morning. I understand that although all of the witnesses are available for questions, only Mr. Wolfowitz will make an opening statement.

Before that, though, I will ask Senator Warner and other members for any remarks they would like to make. I know Senator McCain has been very involved in this. If he has any additional remarks, we would welcome them.

Senator **Warner**. Thank you, Mr. Chairman. I would just add a brief observation. The United States and particularly we here in Congress are increasingly aware that nations in the Pacific Rim region, notably Japan and South Korea, have achieved extraordinary economic gains in the past decade and, to a lesser extent, have achieved gains in their ability to provide for their own national security.

As such, in fairness to those nations and others, we here in the Congress believe it is time to reassess the magnitude and extent of the commitments that we have had for these many years for our mutual security in that region. As we address this issue, we tend to fall into just using simple numbers of troops which we want to pull out, but we must make certain that to the extent we maintain a military commitment, which we should and will, in those countries, we have to have the mix of forces there that can perform the military mission.

Second, if we are going to commit young Americans in those forward-deployed areas, we must do so with that mix of military and the equipment necessary not only to perform their mission but to protect their own lives.

Thank you, Mr. Chairman.

Chairman **Nunn**. Thank you, Senator Warner. Senator McCain.

Senator **McCain**. Thank you, Mr. Chairman. I want to thank the witnesses.

I would like to express my appreciation to the Department of Defense for coming forward with what I think is a good document and a good statement. I have been fairly vociferous in my criticism lately, so I think it might be appropriate to state that I think the document and framework we have here is a good one.

Clearly, there are questions on which we will need more detail. The command structure in Korea is a very important issue which we have to address specifically. Contingencies for the loss of bases in the Philippines need to be addressed. I believe most experts would say that the long-term prospects of maintaining those bases give us no reason for optimism.

Of course, we are going to want to develop over time more specific proposals for burdensharing on the part of the Japanese. I do think that what we have been given here is something, very frankly, that we need for the entire globe as well as just the Pacific Rim, and I look forward to working with Messrs. Wolfowitz and Ford, who have turned out a good product here. I think it is an initial good beginning.

I thank you, Mr. Chairman.

Chairman **Nunn**. Thank you, Senator McCain.

Senator Thurmond or Senator Shelby, do either one of you have any opening remarks?

Senator **Shelby**. Mr. Chairman, I just want to welcome the Under Secretary here and say again, as has been said, that this is a good paper. It is a good beginning, and we are looking forward to working with you to implement some of it.

Chairman **Nunn**. Thank you, Senator Shelby. Senator Thurmond.

Senator **Thurmond**. Thank you, Mr. Chairman.

Mr. Chairman, I want to join you in welcoming Secretary Wolfowitz and Secretary Ford. I know that these are busy times for both of them, and I appreciate their coming here to brief the committee on the President's report on the U.S. military presence in East Asia.

Mr. Chairman, I want to compliment the Department of Defense for its responsiveness to the committee in preparing this report. I believe this is one of those essential documents that the committee needs to meet its oversight responsibilities.

Secretary Wolfowitz, my understanding is that your report advocates a cautious approach to the withdrawal of our support and forces from Asia. I support that proposition. The threat in Asia is not diminishing at the same pace it is in Europe. We still face hostile regimes in North Korea and uncertainty in Cambodia. Our hasty withdrawal under these circumstances would create a power vacuum at a time when the economic importance of that region is becoming critical to the United States and the rest of the world.

Mr. Chairman, this report will assist us in filling in some of those blanks which you mentioned in your recent floor speech. I trust that the committee will make it an important part of the deliberations on this year's defense budget.

Thank you, Mr. Chairman.

Chairman NUNN. Thank you very much, Senator Thurmond.

Senator Dixon has submitted a prepared statement that I shall make a part of the record at this point.

[The prepared statement of Senator Dixon follows:]

PREPARED STATEMENT BY SENATOR ALAN J. DIXON

Mr. Chairman, I am delighted that we are going to receive testimony today from the Defense Department on the administration's strategic vision for East Asia. With all of the enormous changes going on in Europe and the Soviet Union these days, it is all too easy to overlook the immense importance of this region to U.S. security interests. This hearing will provide a good opportunity to focus the committee's attention on this critical region.

I believe that the changes we are now witnessing in the Soviet Union and Eastern Europe have significant implications for our defenses world-wide. For more than four decades, we have been all over the globe, in a variety of places, and in very large numbers. I do not think that the circumstances in the world right now call for us to continue the same approach unchanged.

I say this because containment of the Soviet Union and its allies has historically provided the fundamental rationale for our extensive network of forward-deployed forces and foreign bases. I recognize that these forces play other important roles such as promoting regional security, and I'm also aware that it is far too early to abandon the U.S. commitment to containment. Yet I firmly believe that the dramatic changes we are witnessing in the Soviet Union mean that the United States can and should reduce forces in East Asia—not just forces designed to defend against Eastern Europe. The bottom line is that the need for U.S. containment policies around the globe is no longer as urgent.

Furthermore, the opportunity to reduce the U.S. military presence in East Asia also results from the ability of these economically successful nations to shoulder more of their own defense burden. I'm certainly not alone in arguing that U.S. troop reductions in East Asia are long overdue.

Having said this, I'm interested to see in today's written testimony that the Bush administration is planning to reduce U.S. forces in the Republic of Korea, Japan, and the Philippines. However, I'm not satisfied with the planned-for pace or depth of the reductions. For example, drawing down 7,000 troops in Korea by 1992 as the administration evidently plans, is too little, too late. I believe we could make a larger cut, and perhaps even do it this year.

Finally, I would also like to point out that I am concerned about U.S. trade relations with our many allies in East Asia. I believe that an important connection exists between the U.S. trade and security relationships with the nations of this region. Quite simply, our past and future commitment to defending this region provides important leverage as we try to insure that our industries get a fair shake in trade relations with these nations. My point is that U.S. Government officials—trade negotiators in particular—should pay closer attention to this connection.

Mr. Chairman, I look forward to hearing from today's witnesses.

Chairman NUNN. Secretary Wolfowitz, we would be delighted to hear from you.

STATEMENT OF PAUL D. WOLFOWITZ, UNDER SECRETARY OF DEFENSE FOR POLICY, DEPARTMENT OF DEFENSE, ACCOMPANIED BY CARL W. FORD, JR., PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR INTERNATIONAL SECURITY AFFAIRS; ALLEN HOLMES, UNITED STATES AMBASSADOR-AT-LARGE FOR BURDENSHARING; AND WILLIAM PENDLEY, REAR ADMIRAL, UNITED STATES NAVY, DIRECTOR OF PLANS, UNITED STATES PACIFIC COMMAND

Mr. WOLFOWITZ. Mr. Chairman, it is a pleasure to be here.

I doubt that I am going to tell any family secrets if I say that reporting requirements are not usually greeted with anything but groans in the executive branch. You have heard complaints about the large number of reporting requirements, but let me say this is one reporting requirement that we all believe has performed an extremely useful function. And I think we almost made our deadline, it was supposed to be April 1st, it is now the 19th. I think that is pretty good for Government work.

Chairman NUNN. Based on the previous records over the years, I would say we would score that 100 percent.

Mr. WOLFOWITZ. Well, thank you, Senator.

Senator McCAIN. Phenomenal.

Mr. WOLFOWITZ. But I think that even more important is the substance in the report and the process that produced it. It set off a really intensive series of deliberations within the executive branch that went on for months. The State Department participated. Our military, particularly our commander in the Pacific, played an important role. And then we presented it in intensive consultations with our allies.

Secretary Cheney in particular discussed the main outlines of this report during his trip to the Far East in February. And so what we are able to talk to you about here today represents, I think, not only a consensus within the U.S. Government, but something that can form a consensus among our allies.

As you will see in the course of our discussion, I think that is essential, because those alliance relationships have been key to our success in the past, and they are going to continue to be key to our success in the future, even as we reshape them.

Mr. Chairman, we have already given you quite a long report to read, and I have a fairly long statement here, but I think it would be fairer to ask you to read it than to ask you to listen to it. So I will just try to summarize some of the main points.

There is allegedly a Chinese curse that goes: May you live in interesting times. I think we would all agree that we do live in interesting times, but that these times are a great blessing, not a curse. We all hope and expect that the very great promise unleashed by events in the Soviet Union and Eastern Europe will bring great benefits to the entire world.

But the fact is that the welcome trends we have seen in Eastern Europe have not transformed the security situation in Asia as dramatically as they have transformed the European landscape. Threats to U.S. interests remain, both Soviet and non-Soviet. Moreover, the security situation in the Pacific is more complex and multi-polar than in Europe.

Consequently, our security position there is different from what it has historically been in Europe, and our forces perform a greater variety of roles. Therefore, as we adjust our forces in Asia, it is important that we do so in a responsible, measured fashion, without losing sight of our enduring goals in the region, and without sending a signal—a false and dangerous signal—that we are withdrawing from Asia. For Asia is simply too important, politically important, economically important, and important for our security.

I think you are all familiar with some of the spectacular statistics. The Asia/Pacific region now accounts for 37 percent of all U.S. trade—or it did yesterday! Tomorrow it will be a larger percentage. Our trade with Asia is 50 percent greater than our trade with Europe, and it has exceeded trade with Europe for 16 consecutive years.

Japan and the United States, together, produce 40 percent of the world's GNP. And the economies of Asia continue to grow at a rate well above those of Europe, a trend also likely to continue into the future.

So, if there is a bottom line to what I will be telling you today, it is that while we can adjust our force levels, and we plan to do so, we must maintain a credible presence in this region if we wish to remain a world power, to protect our national interests, and to preserve a secure environment in which democracy and free economies can prosper.

Mr. Chairman, there is a balance there between change and continuity. And I might just restate that bottom line in reverse order, to start with the continuity and end with the change.

Even though there has so far been relatively little or almost no change in the Soviet threat in the Far East, even though our forces in the Pacific play a wide variety of roles that go far beyond simply deterring the Soviet Union, and even though we operate in the Pacific with an extraordinary economy of force—only 6 percent of our Armed Forces are forward-deployed to foreign countries in the Pacific, covering the largest geographic area of any command in the world—we can adjust our force posture. And the reason for that comes down simply to the fact that we have strong allies who have borne an increasing share of the burden, and can be counted on in the future to bear an even larger share of the burden. Senator Warner referred to that. And Korea is a striking example.

I remember my first job in the Government in the mid-1960s in the Budget Bureau working on the foreign aid program, and I remember reading documents about South Korea at that time. They described a country that seemed like a permanent basket case, permanently and hopelessly dependent on foreign aid.

Well, by 1979, South Korea had graduated from foreign economic aid. We ended our food assistance to South Korea 2 years later.

And now, in every single year, we sell more American goods to South Korea than our total economic aid to South Korea over the course of a 30-year assistance program.

They have graduated from being dependent on military assistance. In 1986, we terminated our grant military assistance to Korea. And now we sell on the average of over $200 million a year in commercial military sales to Korea, not paid for with American aid, but paid for with hard Korean cash.

We look forward to a continuation of that process into the next decade. As this report discusses, we expect to see Korea graduate from a supporting role to a partnership role, and into, eventually, a leadership role in providing for its own defense.

Mr. Chairman, I think there is a lot that we can congratulate ourselves on about our past strategy. I believe that strategy has generally been successful. In addition to performing our most widely recognized mission of containing the Soviet Union, we have also deterred the outbreak of another war on the Korean Peninsula. More broadly, our presence has contributed to regional peace and stability by providing balance and ensuring that no single state assumed a predominant military posture.

Our security presence has provided an environment in which nations could feel sufficiently confident of their own security to turn away from militarism and authoritarianism, and toward democratic political systems and free market economies.

In the changing global and regional environment of the 1990s, we expect the risk of military confrontation between the superpowers to diminish. As it does, another aspect of our military presence in the region, our role as a regional balancer, honest broker, and ultimate security guarantor, will assume greater relative importance. Over the next decade, our presence will continue to be the region's irreplaceable balance wheel.

I remember when Admiral Crowe, who recently retired as the Chairman of the Joint Chiefs, was Commander in Chief in the Pacific. He used to point out frequently in his speeches that his area of command included the seven largest armed forces in the world, the Soviet Union, the United States, of course, also China and India, the two Koreas, and Vietnam. I believe Iraq's military has now become the seventh largest, but his point is clear: this is not an area that is lacking in the potential for dangerous military confrontation. And it is not an area that is lacking in basic tensions and causes of disputes. But it is an area that has enjoyed relative peace and tranquility, particularly in the last decade. I think our strength and our presence has contributed to that. So in considering the consequences of U.S. withdrawal from that region, one question that we must ask ourselves is, who else could play that balancing role? Who would we want to play that role?

A reduced U.S. commitment to the region, whether perceived or real, would create a security vacuum that other countries would be tempted, or might feel compelled to fill. Our policies, political, economic and security, must be designed to prevent such a vacuum from occurring and to support our unique and central stabilizing role.

Let me emphasize for a moment just how little we do all this with. Our forward-deployed forces in Asia constitute only 6.3 percent of our total military forces. This relatively small investment ensures a rapid and flexible response capability, allows our allies to share in defense costs, provides an effective logistics base, and demonstrates to our allies and potential enemies a visible U.S. commitment. Without the framework of forward deployments and the alliances that support them, we would not be able—if I may take some liberties with Churchill's immortal words—to do so much, for so many, with so few.

However, within that framework we are confident that we can proceed with some measured reductions in our current force posture. This is true, as I have said, not primarily because of changes in the threat but because of the strength of our allies and the progress they are making in looking to their own defense needs.

Mr. Chairman, the report lays out a phased approach over a period of time to achieve these changes. We believe that a phased approach, which allows us to pace our reductions to regional developments and reactions, is the soundest means of accomplishing our objectives. While a national security review process will be conducted at the end of each phase to determine how best to proceed, in broad terms we envision the following:

Phase I is expected to last from 1 to 3 years, out to 1992. During this phase we will focus on streamlining existing force structure and we will begin rearranging command relationships, particularly in Korea. Over these 3 years we will, in a balanced and measured way, restructure and reduce forces in the region while maintaining our ability to meet our security commitments, and I would note as the report does, overall we envision roughly a 10 percent reduction in our forward stationed personnel in that period, and that is a very significant reduction, considering particularly the small size of that base to start with.

Phase II should extend from 3 to 5 years—to the mid-1990s. In this phase, we plan to reduce and reorganize the force structure further. During the third and final phase, to the end of this century, we hope to be able to further streamline forces and to finally stabilize at a somewhat lower level as circumstances permit. Specifically, in Korea, we anticipate that by this time U.S. forces will be clearly in a supporting role with the South Korean military in the leading role on the peninsula.

Let me just briefly expand on those plans with respect to the three key countries. In Korea, where our specific objectives are to deter North Korean aggression, to defeat it if deterrence fails, to contribute to reducing political military tensions on the peninsula, and to shift U.S. forces on the peninsula from a leading to a supporting role, we envision the following:

During Phase I, we will begin streamlining our presence by reducing administrative overhead and phasing out units whose mission can be assumed by the South Korean Armed Forces. However, the combat capabilities of the 2nd Infantry Division, and thus their deterrent value, will remain essentially intact. We believe the increased capabilities of our South Korean allies will permit us to reduce our presence on the peninsula by some 7,000 personnel during the next 3 years alone.

Toward the end of Phase I, we will reexamine the North Korean threat, evaluate the progress and effects of the changes in Phase I, and consider new objectives to be established for the next phase. At this point, if the state of North-South relations and improvements in South Korean military capabilities permit, we will look at restructuring the 2nd Infantry Division.

At the completion of the first two phases, the Koreans should be ready to take the lead role in their own defense. As that happens, fewer U.S. forces would be required to maintain deterrence and others may be withdrawn.

I might make a comment, Mr. Chairman, about this phasing and why it is so important. I would say it is so in two respects. First, because our allies in Asia are people who think strategically, and who have long historical memories, and they are interested not just in what we say we will do this year, but what they think we will do 10 years from now.

I believe the process that we have set up here is one that can build confidence about where we will be in the long term, as we make changes in the near term, and reduce the risk that near-term changes will be misinterpreted. And second, I believe by this phasing, which specifically allows us to reconsider the changes in the threat as we move along, we demonstrate our seriousness and demonstrate that we are not going to simply move helter-skelter without regard to the outside environment.

I think those are both essential confidence-building factors, and I believe that by introducing this process we have been able to get our allies, particularly the Koreans, to start thinking about U.S. policies over the longer term, instead of worrying that each step with the Americans was a step down a slippery slope. I think we have been able to start to get people to set their sights on the future, and that is the only way to get positive change.

We will begin a similar process with Japan. During Phase I we will reduce our forces incrementally, but I would emphasize that is a reduction of some 5,000 to 6,000 personnel. That is another hefty cut. We will continue returning excess facilities to the Japanese Government, particularly those in Okinawa. Contingent upon our Japanese allies assuming more responsibilities, we will pursue additional efficiencies in reductions through both Phases II and III.

Finally, let me just close here with a note on the Philippines. As Senator McCain correctly noted, our facilities in the Philippines are a cornerstone of our regional basing structure and military presence. They provide us not only with significant logistics and maintenance, but also invaluable training support.

For the immediate future, we will seek to maintain most of our forces there, but we anticipate that even in Phase I, a reduction of approximately 2,000 personnel will be possible. The status of our forces beyond that, of course, will depend upon the outcome of the base negotiations. Although we hope to retain our military presence in the Philippines, at least over the mid-term, the Philippine Government could require us to withdraw.

Therefore, we have been carefully studying basing alternatives. No single potential replacement site could accommodate all of the functions now performed in the Philippines, and none would duplicate the Philippines' strategic location. Nonetheless, alternatives do exist, although they would be expensive, time-consuming to develop and not as effective operationally.

Mr. Chairman, let me just conclude with a note about the stakes that are involved here. I was very struck, a few years ago, at finding an old quote from James Michener. It is now almost 40 years old. Around 1950, he wrote that there was—in his words—"only one sensible way to think about the Pacific Ocean today. It is the highway," Michener wrote, "between Asia and America, and whether we wish it or not, from now on there will be immense traffic along that highway. If we know what we want, if we have patience and determination, but if, above all, we have understanding, we may ensure that that traffic will be peaceful . . . but if we are not intelligent, or if we cannot cultivate understanding in Asia, then the traffic will be armed planes, battleships, submarines and death. In either alternative, we may be absolutely certain," he said, "that from now on the Pacific traffic will be a two-way affair. I can foresee the day, when the passage of goods and ideas across the Pacific will be of greater importance to America than a similar exchange across the Atlantic."

In many ways, that day that Michener envisioned has already arrived. The Pacific has become a center—perhaps the center—of world economic activity. Thanks, in part, to our efforts, it has also begun finally to live up to its name as a region of peace and tranquility. With our perseverance, it can stay that way. With our vision, it can continue to grow.

Thank you for your attention. I look forward to answering questions.

[The prepared statement of Mr. Wolfowitz and the DOD report follow:]

PREPARED STATEMENT OF PAUL WOLFOWITZ
UNDER SECRETARY OF DEFENSE FPR POLICY

GOOD MORNING MR. CHAIRMAN, DISTINGUISHED MEMBERS OF THE COMMITTEE. I AM PLEASED TO BE HERE TODAY TO PRESENT THE PRESIDENT'S REPORT ON OUR STRATEGIC VISION FOR EAST ASIA. THE REPORT THAT WE WILL BE DISCUSSING TODAY IS INTENDED TO GUIDE THE DEVELOPMENT OF OUR POLICIES, DEPLOYMENTS AND FORCE STRUCTURE IN ASIA THROUGH THE NEXT DECADE.

THIS REPORT IS SUBMITTED IN RESPONSE TO A REQUIREMENT CONTAINED IN THE NUNN-WARNER AMENDMENT TO THE FY90 AUTHORIZATION BILL, AND A SIMILAR REQUIREMENT IN THE FY90 APPROPRIATIONS BILL. YOU HAVE NO DOUBT HEARD COMPLAINTS FROM THE EXECUTIVE BRANCH ON THE SUBJECT OF CONGRESSIONAL REPORTING REQUIREMENTS, BUT I CAN TELL YOU THAT THIS IS ONE REPORTING REQUIREMENT THAT WAS WELCOMED ENTHUSIASTICALLY AS AN OPPORTUNITY TO WORK COOPERATIVELY WITH BOTH THE CONGRESS AND OUR ALLIES IN A NEW STRATEGIC FRAMEWORK FOR THE PACIFIC RIM. THE PROCESS OF PREPARING THIS REPORT HAS BEEN EXCEPTIONALLY PRODUCTIVE.

I WOULD LIKE TO COMMEND THE CONGRESS, IN PARTICULAR THIS COMMITTEE AND THE DEFENSE APPROPRIATIONS SUBCOMMITTEE, FOR ITS CONSTRUCTIVE ROLE IN THIS REVIEW PROCESS. AT A TIME WHEN WE WERE THINKING ABOUT THE FUTURE DIRECTION OF OUR ASIAN STRATEGY, THIS REPORT HELPED US TO FOCUS OUR EFFORTS, AS WELL AS PROVIDIN THAT MOST USEFUL OF MANAGEMENT TOOLS -- A DEADLINE, WHICH WE ALMOST MET. THROUGHOUT THE REVIEW, WE HAVE WORKED WITH SENATOR AND THEIR STAFF TO IDENTIFY AREAS OF CONCERN IN WHAT I BELIEVE HAS BEEN A STERLING EXAMPLE OF EXECUTIVE-LEGISLATIVE COOPERATION.

I would also like to commend our allies in the Asia-Pacific region for their cooperation in this process. During Secretary Cheney's trip, and in the course of our ongoing consultations, we have obtained their support and agreement in principle for the goals we will outline today. It is primarily thanks to the willingness of our allies to assume a greater share of the defense burden, that we are able to suggest the force reductions we are presenting to you today.

Mr. Chairman, there is allegedly a Chinese curse which goes, "May you live in interesting times." I think we would all agree that we do live in interesting times -- but that these times are a great blessing, not a curse. We all hope and expect that the very great promise unleashed by events in the Soviet Union and Eastern Europe will bring great benefits to the whole world.

But the fact is that the welcome trends we have seen in Europe have not transformed the security situation in Asia as dramatically as they have transformed the European landscape. Threats to US interests remain, both Soviet and non-Soviet. Moreover, the security situation in the Pacific is more complex and multi-polar than in Europe. Consequently, the U.S. security position is different from what it has been historically in Europe and our forces perform a greater variety of roles. Therefore, it is important, as we adjust our forces in Asia, that we do so in a responsible, measured fashion, without losing sight of our enduring goals in the region, and without sending a signal -- a false and dangerous signal -- that we are withdrawing from Asia.

For Asia is too important, politically important, economically important, and important for our security. I think you are all

FAMILIAR WITH THE STATISTICS. THE ASIA-PACIFIC REGION NOW ACCOUNTS FOR 37% OF ALL U.S. TRADE. OUR TRADE WITH ASIA IS 50% GREATER THAN OUR TRADE WITH EUROPE, AND HAS EXCEEDED TRADE WITH EUROPE FOR SIXTEEN CONSECUTIVE YEARS. JAPAN AND THE UNITED STATES TOGETHER PRODUCE 40% OF THE WORLD'S GNP. AND THE ECONOMIES OF ASIA CONTINUE TO GROW AT A RATE WELL ABOVE THOSE OF EUROPE, A TREND LIKELY TO CONTINUE FOR THE FORESEEABLE FUTURE. IF THERE IS A "BOTTOM LINE" TO WHAT I WILL BE TELLING YOU TODAY, IT IS THAT, WHILE WE CAN ADJUST OUR FORCE LEVELS AND PLAN TO DO SO, WE MUST MAINTAIN A CREDIBLE PRESENCE IN THIS REGION IF WE ARE TO REMAIN A WORLD POWER, PROTECT OUR NATIONAL INTERESTS, AND PRESERVE A SECURE ENVIRONMENT IN WHICH DEMOCRACY AND FREE ECONOMIES CAN PROSPER.

THE HISTORICAL STRATEGIC ENVIRONMENT

AT THE END OF THE SECOND WORLD WAR, THE UNITED STATES WAS THE PREDOMINANT PACIFIC POWER, BOTH MILITARILY AND ECONOMICALLY. WE HELD THIS POSITION ESSENTIALLY UNCHALLENGED FOR OVER TWO DECADES. OUR NATIONAL SECURITY OBJECTIVES CENTERED ON DEFENDING AMERICAN TERRITORY AS FAR FORWARD AS POSSIBLE, CONTAINING THE SOVIET UNION, AND PROTECTING STRATEGIC ALLIES. THE BASIC TENET OF OUR MILITARY STRATEGY, DICTATED IN LARGE MEASURE BY TIME-DISTANCE FACTORS, HAS BEEN FORWARD DEPLOYED FORCES AND THE MAINTENANCE OF A BASE INFRASTRUCTURE PRIMARILY IN JAPAN, KOREA AND THE PHILIPPINES.

IN ADDITION TO OUR MILITARY PRESENCE, WE HAVE ENTERED INTO SECURITY RELATIONSHIPS WITH A NUMBER OF ALLIES AND FRIENDS. BECAUSE OF THE DIVERSITY OF CULTURES, POLITICAL SYSTEMS, AND LEVELS OF ECONOMIC DEVELOPMENT, WHICH MADE A SINGLE COLLECTIVE STRUCTURE SUCH AS NATO IMPRACTICAL, WE CULTIVATED A SET OF

SECURITY ARRANGEMENTS THAT WERE PRIMARILY BILATERAL RATHER THAN MULTILATERAL.

THIS STRATEGY HAS GENERALLY BEEN SUCCESSFUL. IN ADDITION TO PERFORMING OUR MOST WIDELY RECOGNIZED MISSION OF CONTAINING THE SOVIET UNION, WE HAVE ALSO DETERRED THE OUTBREAK OF ANOTHER WAR ON THE KOREAN PENINSULA. MORE BROADLY, OUR PRESENCE HAS CONTRIBUTED TO REGIONAL PEACE AND STABILITY, BY PROVIDING BALANCE AND INSURING THAT NO SINGLE STATE ASSUMED A PREDOMINANT MILITARY POSITION. OUR SECURITY PRESENCE HAS PROVIDED AN ENVIRONMENT IN WHICH NATIONS COULD FEEL SUFFICIENTLY CONFIDENT OF THEIR OWN SECURITY, TO TURN AWAY FROM MILITARISM AND AUTHORITARIANISM, AND TOWARD DEMOCRATIC POLITICAL SYSTEMS AND FREE MARKET ECONOMIES. MOREOVER, OUR GLOBAL SUPERPOWER STATUS AND OUR REGIONAL MILITARY PRESENCE HAVE STRENGTHENED OUR INFLUENCE IN REGIONAL AFFAIRS.

POTENTIAL THREATS AND THE CHANGING SECURITY ENVIRONMENT

THE 1990'S WILL BE A DECADE OF GREAT CHANGE AND POTENTIAL INSTABILITY IN THE ASIA-PACIFIC REGION. SOME OF THE MAJOR ASIAN POWERS -- CHINA AND THE SOVIET UNION -- FACE DIFFICULT PERIODS OF TRANSITION. CAMBODIA AND THE PHILIPPINES EACH FACE THEIR OWN KINDS OF TURBULENCE AND INSTABILITY. AND NORTH KOREA REMAINS ONE OF THE MOST RECKLESS AND DANGEROUS ACTORS ON THE INTERNATIONAL SCENE. THESE POLITICAL UNCERTAINTIES WILL BE EXACERBATED BY THE MAJOR CHANGES IN LEADERSHIP THAT WILL OCCUR IN COUNTRIES AS DIFFERENT AS CHINA, NORTH KOREA, SINGAPORE, AND INDONESIA.

INTENSIFIED ECONOMIC COMPETITION WITHIN THE REGION AND WITH THE UNITED STATES WILL FURTHER COMPLICATE SECURITY RELATIONSHIPS. MOSCOW WILL UNDOUBTEDLY BE A MORE ACTIVE PLAYER

AS IT SEEKS TO IMPROVE TIES WITH BEIJING AND OBTAIN FINANCIAL AND TECHNOLOGICAL AID FROM JAPAN AND SOUTH KOREA.

WE SEE SOME WELCOME CHANGES IN SOVIET POLICY IN THE REGION -- NOT AS DRAMATIC, CERTAINLY, AS THOSE IN EASTERN EUROPE, BUT WELCOME NONETHELESS. PRESIDENT GORBACHEV HAS ANNOUNCED UNILATERAL FORCE REDUCTIONS THAT SHOULD SIGNIFICANTLY REDUCE MOSCOW'S OFFENSIVE CAPABILITY AGAINST THE PEOPLES' REPUBLIC OF CHINA. THE SOVIETS ARE ALSO REDUCING THEIR FORCE POSTURE IN SOUTHEAST ASIA BY WITHDRAWING AIRCRAFT AND SHIPS FROM CAM RANH BAY, AND WE HAVE SEEN REDUCTIONS IN OUT-OF-AREA ACTIVITIES IN THE PACIFIC.

AT THE SAME TIME, FORCE LEVELS IN THE SOVIET FAR EAST MILITARY DISTRICT, PARTICULARLY SOVIET CAPABILITIES FACING JAPAN, STILL FAR EXCEED THOSE NEEDED FOR DEFENSE. WHILE WE EXPECT TO SEE REDUCTIONS IN NUMBERS OF SHIPS, POSSIBLY LARGE REDUCTIONS, AS OLDER SHIPS ARE RETIRED, SOVIET COMBAT CAPABILITY IN MANY WAYS IS ACTUALLY IMPROVING AS A RESULT OF MODERNIZATION.

THE U.S.-JAPAN RELATIONSHIP REMAINS THE CRITICAL LINCHPIN OF OUR ASIAN SECURITY STRATEGY. THIS RELATIONSHIP, HOWEVER, COULD BE FURTHER STRAINED DURING THE DECADE BY PERSISTENT TRADE PROBLEMS. JAPAN WILL SEEK A GREATER ROLE IN INTERNATIONAL DECISION-MAKING, PRINCIPALLY IN THE ECONOMIC ARENA, BUT ALSO ON POLITICAL ISSUES IN WHICH TOKYO HAS SPECIAL INTERESTS -- PARTICULARLY ASIAN ISSUES.

THE KOREAN PENINSULA WILL REMAIN ONE OF THE MOST POTENTIALLY EXPLOSIVE AREAS IN THE WORLD. THE NORTH RETAINS ITS STATED GOAL OF REUNIFICATION, AND DEVOTES AN EXTRAORDINARY PERCENTAGE OF ITS NATIONAL WEALTH TO MAINTAINING A MILLION MAN MILITARY AT THE EXPENSE OF THE WELFARE OF ITS CITIZENS. BOTH SIDES WILL continue to engage in competing military modernization programs, with the Soviet Union remaining the primary source of sophisticated weaponry for Pyongyang. We are also very concerned about North Korea's nuclear program.

While it is true that Seoul is economically capable of matching Pyongyang's military buildup, I don't think any of us should want to see South Korea forced into the same demented militarism as its neighbor. The already tense situation on the peninsula is exacerbated by the uncertainty surrounding the North Korean succession, which could lead to great instability, including the use of military force or terrorism.

Chinese political dynamics will remain volatile as Deng Xiaoping passes from the scene and various factions contend for control. Beijing's overall foreign policy orientation will probably remain grounded in its modernization strategy, which calls for a "peaceful international environment" and which allows trade with even ideological foes such as Japan and South Korea. However, some older leaders, more conservative in outlook, appear willing to return to more isolationist policies of "self-reliance." Beijing's policies toward Hong Kong, Taiwan, and Vietnam will also remain matters of concern for the entire region.

In Southeast Asia, the outlook for continued growth and stability is generally good, with several notable exceptions. No lasting resolution to the Cambodian problem is in sight. Vietnam's foreign and economic policy intentions are unknown and potentially destabilizing. The Philippines continue to experience numerous challenges, and the future of U.S. bases there is uncertain.

OTHER LONGSTANDING REGIONAL PROBLEMS REMAIN POTENTIAL SOURCES OF INSTABILITY: UNRESOLVED TERRITORIAL ISSUES, INCLUDING THE SPRATLY AND PARACEL ISLANDS; RACIAL AND ETHNIC TENSIONS; AND HISTORICAL ENMITIES BETWEEN VARIOUS ASIAN STATES. THE GROWING PROMINENCE OF NEW REGIONAL POWERS, SUCH AS INDIA, COULD CAUSE ANXIETY. PROLIFERATION OF MODERN WEAPONRY AND MISSILE TECHNOLOGY COULD HELP TURN MINOR DISPUTES INTO CONFLICTS OF REGIONAL CONCERN. DESTABILIZING ARMS SALES AND TECHNOLOGY TRANSFER, BOTH TO AND FROM THE REGION, WILL CONTINUE. FINALLY, ILLEGAL NARCOTICS TRAFFICKING WILL POSE A MAJOR PROBLEM.

REGIONAL INTERESTS AND THE U.S. ROLE

IN THE CHANGING GLOBAL AND REGIONAL ENVIRONMENT OF THE 1990'S, WE EXPECT THE RISK OF MILITARY CONFRONTATION BETWEEN THE SUPERPOWERS TO DIMINISH. AS IT DOES, ANOTHER ASPECT OF OUR MILITARY PRESENCE IN THE REGION -- THE ROLE OF REGIONAL BALANCER, HONEST BROKER, AND ULTIMATE SECURITY GUARANTOR -- WILL ASSUME GREATER RELATIVE IMPORTANCE. OVER THE NEXT DECADE, OUR PRESENCE WILL CONTINUE TO BE THE REGION'S IRREPLACEABLE BALANCING WHEEL.

IN CONSIDERING THE CONSEQUENCES OF A U.S. WITHDRAWAL FROM THE REGION, ONE QUESTION WE MUST ASK OURSELVES IS, WHO ELSE COULD PLAY THAT BALANCING ROLE? WHO WOULD WE WANT TO PLAY THAT ROLE? A REDUCED U.S. COMMITMENT TO THE REGION -- WHETHER PERCEIVED OR REAL-- WOULD CREATE A SECURITY VACUUM THAT OTHER COUNTRIES WOULD BE TEMPTED, OR MIGHT FEEL COMPELLED, TO FILL. THIS COULD LEAD TO REGIONAL ARMS RACES AND POSSIBLE MILITARY CONFRONTATION. OUR POLICIES -- POLITICAL, ECONOMIC, AND SECURITY -- MUST BE DESIGNED TO PREVENT A VACUUM OCCURRING, AND TO SUPPORT OUR UNIQUE AND CENTRAL STABILIZING ROLE.

A STRATEGIC FRAMEWORK FOR THE 1990'S AND BEYOND

Our forward deployed forces in Asia constitute only 6.3% of our total military forces. This relatively small investment ensures a rapid and flexible response capability; allows our allies to share in defense costs; provides an effective logistics base; and demonstrates to our allies and potential enemies a visible U.S. commitment.

Without the framework of forward deployments, we would not be able to do so much, for so many, with so few, if I may take liberties with Churchill's immortal words. However, within that framework, we are confident that we can proceed with some measured reductions in our force posture. Within our current base and deployment structure, there is room for significant efficiencies in our ground forces, and some of our air forces, in Korea, Japan and the Philippines. This is true, not primarily because of changes in the threat, but because of the strength of our allies and the progress they are making in looking to their own defense needs.

For example, in the Republic of Korea, while taking care not to send the wrong signals to the leadership in Pyongyang, we will begin to draw down ground presence and modify command structures to begin a transition for US forces from a leading to a supporting role. In addition to ground force restructuring, some reduction in our air force presence will also be possible, as Korean, air force capabilities improve. We will continue to encourage the Koreans to increase their defense spending -- not only to compensate for our reductions, but also to increase their contribution to the cost of our remaining in-country presence. At each step of this process, we will be keeping a

CLOSE EYE ON DEVELOPMENTS IN THE OVERALL MILITARY BALANCE ON THE PENINSULA.

IN JAPAN, WHICH HAS COMMITTED TO PLAYING A GREATER ROLE IN ITS OWN DEFENSE, WE CAN ACHIEVE ADDITIONAL ADJUSTMENTS THROUGH UNIT EFFICIENCIES AND OVERHEAD REDUCTIONS. WE DO INTEND TO MAINTAIN OUR CURRENT INFRASTRUCTURE, PARTICULARLY: OUR FORCES BASED AT MISAWA, WHICH SERVE AS A DETERRENT AGAINST THE SOVIET UNION; OUR KEY LOGISTICS HUB AT YOKOTA AIR BASE, WHICH SUPPORTS GLOBAL AND REGIONAL CONTINGENCIES; AND OUR NAVAL FACILITIES AT YOKOSUKA, WHICH ALLOW US TO KEEP AN ENTIRE CARRIER BATTLE GROUP FORWARD DEPLOYED. WE WILL ALSO CONTINUE TO ENCOURAGE JAPANESE FORCE IMPROVEMENTS DESIGNED TO MEET OUR AGREED ROLES AND MISSIONS CONCEPTS, AND SEEK INCREASED COST SHARING.

IN SOUTHEAST ASIA, OUR PROJECTIONS ARE CLOUDED BY A VARIETY OF UNCERTAINTIES, INCLUDING THE OUTCOME OF THE PHILIPPINE BASE NEGOTIATIONS AND THE UNSETTLED CAMBODIAN SITUATION. WHILE WE WILL ATTEMPT TO RETAIN OUR MILITARY FACILITIES IN THE PHILIPPINES, WE MUST ALSO EXPLORE ALTERNATIVE ARRANGEMENTS -- REDEPLOYMENT TO U.S. BASES ELSEWHERE IN ASIA AND THE PACIFIC, COMPLEMENTED BY EXPANDED ACCESS AGREEMENTS SUCH AS THOSE WE ARE CURRENTLY PURSUING WITH SINGAPORE. WHILE SUCH EXPANDED ACCESS ARRANGEMENTS DO NOT OFFER AS MUCH CAPABILITY AS PERMANENT BASES, THEY COULD ADVANCE THE OBJECTIVES OF INCREASING REGIONAL DEFENSE COOPERATION AND ENSURING OUR CONTINUED PRESENCE IN THE REGION.

AS WE LOOK TO THE FUTURE, IT IS CLEAR THAT THE BEST APPROACH WILL REQUIRE A COMBINATION OF CAUTION AND INNOVATION IN ORDER TO ADJUST TO REGIONAL CHANGES WHILE PRESERVING THE REQUIRED U.S. PRESENCE. THE WILLINGNESS OF OUR ALLIES TO ASSUME A GREATER ROLE IS CRITICAL FOR THIS PROCESS TO CONTINUE. WE BELIEVE THAT

A PHASED APPROACH, WHICH ALLOWS US TO PACE OUR REDUCTIONS TO REGIONAL DEVELOPMENTS AND REACTIONS, IS THE SOUNDEST MEANS OF ACCOMPLISHING OUR OBJECTIVES. WHILE A NATIONAL SECURITY REVIEW PROCESS WILL BE CONDUCTED AT THE END OF EACH PHASE TO DETERMINE HOW BEST TO PROCEED, IN BROAD TERMS, WE ENVISION THE FOLLOWING:

PHASE I IS EXPECTED TO LAST FROM ONE TO THREE YEARS (1990-1992). DURING THIS PHASE, WE WILL STREAMLINE THE EXISTING FORCE STRUCTURE AND BEGIN REARRANGING COMMAND RELATIONSHIPS, PARTICULARLY IN KOREA.

- OVER THESE THREE YEARS, WE WILL, IN A BALANCED AND MEASURED WAY, RESTRUCTURE AND REDUCE FORCES IN THE REGION, WHILE MAINTAINING OUR ABILITY TO MEET OUR SECURITY COMMITMENTS.

PHASE II SHOULD EXTEND FROM THREE TO FIVE YEARS OUT (1993-1995). IN THIS PHASE WE PLAN TO REDUCE AND REORGANIZE THE FORCE STRUCTURE FURTHER.

- DURING THIS PHASE, REDUCTIONS IN COMBAT FORCES WILL BE UNDERTAKEN INCREMENTALLY, TO ENSURE THAT POTENTIAL ADVERSARIES DO NOT MISREAD OUR DETERRENT CAPABILITY AND INTENTIONS.

DURING THE THIRD AND FINAL PHASE (1995-2000) WE HOPE TO BE ABLE TO FURTHER STREAMLINE FORCES AND STABILIZE AT A SOMEWHAT LOWER LEVEL AS CIRCUMSTANCES PERMIT. SPECIFICALLY IN KOREA, WE ANTICIPATE THAT, BY THIS TIME, THE U.S. FORCES WILL BE CLEARLY IN A SUPPORTING ROLE, WITH THE SOUTH KOREAN MILITARY IN A LEADING ROLE ON THE PENINSULA.

I WOULD BRIEFLY LIKE TO EXPAND ON OUR PLANS WITH RESPECT TO THE SPECIFIC COUNTRIES WHERE WE HAVE A FORWARD DEPLOYED

PRESENCE. SINCE OUR FORCES IN THE REPUBLIC OF KOREA HAVE RECEIVED THE MOST PUBLIC ATTENTION OVER THE PAST YEAR, LET ME BEGIN THERE.

THE KOREAN PENINSULA REPRESENTS SPECIAL PROBLEMS FOR OUR ASIA-PACIFIC STRATEGY FRAMEWORK. OUR SPECIFIC BILATERAL SECURITY OBJECTIVES ARE TO:

- DETER NORTH KOREAN AGGRESSION OR DEFEAT IT IF DETERRENCE FAILS;

- REDUCE POLITICAL AND MILITARY TENSIONS ON THE PENINSULA BY ENCOURAGING NORTH-SOUTH TALKS AND THE INSTITUTION OF A CONFIDENCE BUILDING MEASURES (CBM) REGIME; AND

- SHIFT U.S. FORCES ON THE PENINSULA FROM A LEADING TO A SUPPORTING ROLE, INCLUDING SOME FORCE REDUCTIONS.

DURING PHASE I, WE WILL BEGIN STREAMLINING OUR PRESENCE BY REDUCING ADMINISTRATIVE OVERHEAD AND PHASING OUT UNITS WHOSE MISSION CAN BE ASSUMED BY THE ROK ARMED FORCES. HOWEVER, THE COMBAT CAPABILITIES, AND THUS THE DETERRENT VALUE, OF THE 2D INFANTRY DIVISION WILL REMAIN ESSENTIALLY INTACT. WE BELIEVE THE INCREASED CAPABILITIES OF OUR SOUTH KOREAN ALLIES WILL PERMIT US TO REDUCE OUR PRESENCE ON THE PENINSULA BY ABOUT 2000 AIR FORCE AND 5000 GROUND FORCE PERSONNEL DURING THE NEXT THREE YEARS.

TOWARD THE END OF PHASE I, WE WILL REEXAMINE THE NORTH KOREAN THREAT, EVALUATE THE PROGRESS AND EFFECTS OF THE CHANGES OUTLINED ABOVE, AND CONSIDER NEW OBJECTIVES TO BE ESTABLISHED FOR PHASE II. AT THIS POINT, IF THE STATE OF NORTH-SOUTH

RELATIONS AND IMPROVEMENTS IN SOUTH KOREAN MILITARY CAPABILITIES PERMIT, WE WILL LOOK AT RESTRUCTURING THE 2D INFANTRY DIVISION.

AT THE COMPLETION OF THE FIRST TWO PHASES, THE KOREANS SHOULD BE READY TO TAKE THE LEAD ROLE IN THEIR OWN DEFENSE. AS THAT HAPPENS, FEWER U.S. FORCES WOULD BE REQUIRED TO MAINTAIN DETERRENCE AND OTHERS MAY BE WITHDRAWN.

OUR MOST IMPORTANT BILATERAL RELATIONSHIP IN ASIA IS WITH JAPAN. NOT ONLY IS THIS RELATIONSHIP OF TREMENDOUS ECONOMIC AND POLITICAL IMPORTANCE, BUT IT IS ALSO IN JAPAN WHERE WE HAVE THE MOST FORWARD DEPLOYED MILITARY FORCES IN THE REGION. WE BELIEVE THAT WE MUST MAINTAIN A SUBSTANTIAL PRESENCE IN JAPAN, FOR TWO REASONS: ONE, THE GEOSTRATEGIC LOCATION OF THESE BASES, AND TWO, THE COST EFFECTIVENESS OF OUR PRESENCE COMPARED TO ANYWHERE ELSE.

BUT WE ALSO SEE THE POSSIBILITY FOR MEASURED REDUCTIONS IN JAPAN. ON MAINLAND JAPAN, WHILE WE WILL BE ADJUSTING OVERALL FORCE LEVELS, WE WILL MAINTAIN THE U.S. AIR FORCE BASE AT MISAWA AND A FORWARD-DEPLOYED CARRIER AT YOKOSUKA. WE WILL ALSO RATIONALIZE USE OF OUR BASES AND FACILITIES ON OKINAWA, WITH THE AIM OF RETURNING PROPERTY TO IMPROVE CIVIL-MILITARY RELATIONS.

DURING PHASE I, WE WILL REDUCE OUR FORCES IN JAPAN INCREMENTALLY WHILE SEEKING INCREASED JAPANESE SUPPORT FOR OUR REMAINING FORCES. THE EXACT NATURE OF THE REDUCTIONS WILL BE DETERMINED BY THE COMMANDER IN-CHIEF, PACIFIC, (CINCPAC). SPECIFICALLY, WE WILL:

- REDUCE PERSONNEL BY ABOUT SOME 5,000 - 6,000, INCLUDING SOME REDUCTIONS IN OKINAWA; AND

- Continue to return excess facilities to the Japanese government, particularly those in Okinawa, through established procedures.

Contingent upon our Japanese allies assuming more responsibilities, and assuming continued stability in the region, we will pursue additional efficiencies and reductions through both Phases II and III. However, a homeported aircraft carrier, a Marine presence, strategic lift aircraft, and Air Force strike assets will remain to fulfill our regional and global missions and to honor our treaty commitments.

This brings us to the Philippines, another principal ally hosting large numbers of U.S. forward deployed combat forces.

Our facilities in the Philippines are a cornerstone of our regional basing structure and military presence. They provide U.S. forces significant logistics, maintenance and training support. For the immediate future, we will seek to maintain most of our forces there, although we anticipate that a reduction of approximately 2,000 personnel will be possible during Phase I. The status of our forces after that will depend upon the outcome of the upcoming base negotiations.

Although we hope to retain our military presence in the Philippines at least over the mid-term, the Philippine government could require us to withdraw. Therefore, we have been carefully studying basing alternatives. No single potential replacement site could accommodate all of the functions now performed in the Philippines, and none would duplicate the Philippines' strategic location. Nonetheless, alternatives exist, although they would be expensive, time consuming to develop, and operationally less effective.

MANAGING THE COST SHARING ISSUE

THE PLANS WHICH I HAVE JUST OUTLINED ARE BASED ON COMMITMENTS FROM OUR ALLIES, IN PARTICULAR JAPAN AND SOUTH KOREA, TO ASSUME GREATER RESPONSIBILITY FOR THEIR OWN DEFENSE. AS WE WORK WITH OUR ALLIES, IT IS IMPORTANT THAT WE CAREFULLY EXPLAIN THE RATIONALE BEHIND OUR DECISIONS, CONSULT EARLY AND OFTEN, AND ENSURE THAT OUR INITIATIVES REFLECT STRATEGIC REALITY AS WELL AS BUDGET IMPERATIVES.

IT WOULD BE A MISTAKE TO MAKE DEMANDS BASED ON ARBITRARY MATHEMATICAL FORMULAE FOR SHARE-OF-GNP-FOR-DEFENSE, OR RELATIVE TRADE BALANCES. WE WILL BE MORE SUCCESSFUL, AND OBTAIN MORE COOPERATION FROM OUR ALLIES, IF WE BASE OUR REQUESTS ON A RATIONAL ALLOCATION OF ROLES, MISSIONS, AND RESPONSIBILITIES REFLECTING REAL NEEDS, CAPABILITIES, AND THREATS. WE WILL CONTINUE TO WORK WITH BOTH THE JAPANESE AND KOREANS TO PURSUE SPECIFIC AREAS FOR INCREASED COST SHARING.

ARMS CONTROL AND CONFIDENCE BUILDING MEASURES

A REDUCTION OF TENSIONS IN THE ASIA-PACIFIC REGION IS CLEARLY IN THE U.S. INTEREST, AND WE SUPPORT ANY STEPS THAT COULD LEAD TO A MORE STABLE ENVIRONMENT. IT IS EASY TO FORGET, HOWEVER, THAT THE KIND OF ARMS CONTROL AND CONFIDENCE BUILDING MEASURES WE HAVE INSTITUTED IN EUROPE ARE NOT ALWAYS APPLICABLE TO THE ASIAN SCENE.

IN EUROPE, WE SEE LARGE GROUPS OF GROUND AND AIR FORCES, BELONGING TO ONE OF TWO MAJOR ALLIANCE BLOCS, DEPLOYED FOR A LAND WAR, LINED UP ON OPPOSITE SIDES OF A LAND BORDER. THIS

SITUATION LENDS ITSELF READILY TO MUTUAL REDUCTIONS IN THE COMBAT FORCES OF THE RESPECTIVE ALLIANCES.

IN ASIA, HOWEVER, THERE ARE NOT TWO OPPOSING ALLIANCES, BUT WIDESPREAD, ALBEIT DECLINING, SUPERPOWER COMPETITION, ACROSS A HUGE REGION, MADE UP OF MANY DISPARATE CULTURES AND POLITICAL AND ECONOMIC SYSTEMS. CONSEQUENTLY, THERE IS NO READY CALCULUS FOR MUTUAL REDUCTIONS THAT CAN BE APPLIED BROADLY OVER THE ENTIRE REGION.

ANOTHER PROBLEM WITH ARMS CONTROL IN THE PACIFIC IS THAT IT COULD RAPIDLY BECOME A DISCUSSION OF NAVAL ARMS CONTROL. WE REMAIN STRONGLY OPPOSED TO SOVIET PROPOSALS FOR NAVAL ARMS CONTROL. THIS IS A SUBJECT THAT PRESENTS SPECIAL DIFFICULTIES FOR THE UNITED STATES. THE U.S. IS A MARITIME POWER. WE AND OUR ALLIES DEPEND ON FREEDOM OF THE SEAS FOR OUR SECURITY NEEDS AND FOR ACCESS TO OUR OVERSEAS MARKETS AND RESOURCES. THIS HAS BECOME PARTICULARLY SIGNIFICANT ALONG THE PACIFIC RIM NOW THAT 37 PERCENT OF OUR TOTAL TRADE IS WITH ASIA. THE UNITED STATES MUST BE ABLE TO PROTECT THOSE SEA LINES OF COMMUNICATION. WE MUST RETAIN OUR FLEXIBILITY TO MOVE FORCES AND OPERATE WITHOUT RESTRICTION ON THE OPEN SEAS AND INTERNATIONAL WATERWAYS.

SOVIET PROPOSALS FOR ARMS CONTROL IN ASIA IGNORE ANOTHER VERY IMPORTANT FACT. IN EUROPE, OUR FORCES HAVE BEEN PART OF A MULTILATERAL ALLIANCE STRUCTURE FORMED TO COUNTER THE THREAT FROM THE WARSAW PACT. IN ASIA, OUR FORWARD-DEPLOYED FORCE STRUCTURE IS GEARED AS MUCH TO MAINTAINING REGIONAL STABILITY AS IT IS A COUNTER TO SOVIET POWER.

HOWEVER, ONE AREA WHERE "TRANSPARENCY-STYLE" CONFIDENCE-BUILDING MEASURES AND ARMS CONTROL MIGHT BE ADOPTED IS THE

Korean peninsula, where the European model is more applicable. A first step might be to negotiate measures such as data exchanges and exchanges of observers at military exercises. The U.N. command has made such proposals at the Military Armistice Commission. Unfortunately, North Korea has generally ignored these proposals to date.

CONCLUDING REMARKS

Our deterrent posture and forward presence in East Asia have been successful in promoting and protecting U.S. interests in the region. As a Pacific nation with global responsibilities, we have a unique and important role to play. It remains in our interest to maintain a forward presence at credible levels. At the same time, as the security environment continues to evolve, we must continue to realistically reappraise our national security objectives in Asia and the force structure required to meet them. In doing so, we must work with our allies to develop a vision for our forward strategy and presence in the year 2000 and beyond. It is a sign of the new maturity of our allies, and of our relationships with them, that we do so on the basis of full partnership. I believe the strategy framework I have presented in the President's report to you today is a valid first step in that process.

Almost forty years ago, James Michener wrote prophetically about this region: "There is only one sensible way to think of the Pacific Ocean today. It is the highway between Asia and America, and whether we wish it or not, from now on there will be immense traffic along that highway. If we know what we want, if we have patience and determination, but if above all we have understanding, we may ensure that the traffic will be peaceful.

CONSISTING OF TRACTORS AND STUDENTS AND MEDICAL MISSIONARIES AND BOLTS OF CLOTH, BUT IF WE ARE NOT INTELLIGENT OR IF WE CANNOT CULTIVATE UNDERSTANDING IN ASIA, THEN THE TRAFFIC WILL BE ARMED PLANES, BATTLESHIPS, SUBMARINES AND DEATH. IN EITHER ALTERNATIVE WE MAY BE ABSOLUTELY CERTAIN THAT FROM NOW ON THE PACIFIC TRAFFIC WILL BE A TWO-WAY AFFAIR. I CAN FORESEE THE DAY, WHEN THE PASSAGE OF GOODS AND IDEAS ACROSS THE PACIFIC WILL BE OF GREATER IMPORTANCE TO AMERICA THAN A SIMILAR EXCHANGE ACROSS THE ATLANTIC."

THE DAY THAT MICHENER ENVISIONED HAS ALREADY ARRIVED. THE PACIFIC HAS BECOME A CENTER OF WORLD ECONOMIC ACTIVITY. THANKS IN PART TO OUR EFFORTS, IT HAS ALSO BEGUN TO LIVE UP TO ITS NAME AS A REGION OF PEACE AND TRANQUILITY. WITH OUR PERSEVERANCE IT CAN STAY THAT WAY. WITH OUR VISION IT CAN CONTINUE TO GROW.

DEPARTMENT OF DEFENSE
UNITED STATES OF AMERICA

A STRATEGIC FRAMEWORK FOR THE ASIAN PACIFIC RIM:

LOOKING TOWARD THE 21ST CENTURY

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INTRODUCTION

The United States remains a Pacific power with wide-ranging interests in East Asia, a region whose global importance continues to grow each year. We have invested heavily in the region since the Second World War in political, military, and economic terms, assisting in the development of democratic, market-oriented governments. We have active mutual security agreements with Japan, the Republic of Korea, the Philippines, Thailand, and Australia, and have established non-treaty security relationships with several other countries. Economically, the region has surpassed Europe as America's largest trading partner, and the margin of difference continues to grow (Fig. 1).

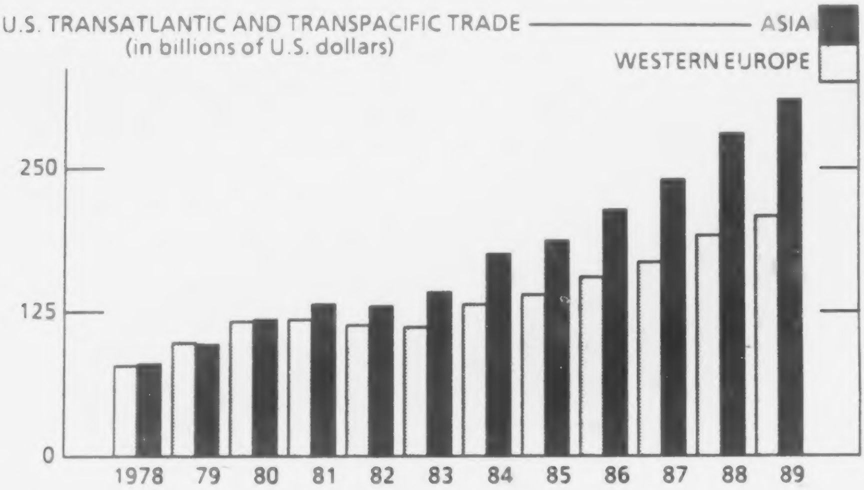


Fig. 1

In fact, our success over the years, globally as well as in the Pacific Rim, has been a key contribution to the evolution of the new politico-military conditions that now require us to review our forward-based defense posture.

Within the East Asian and Pacific region, traditional threat perceptions are changing. In Asia, unlike NATO, a region-wide consensus has never existed about the threat posed by the Soviet Union or about other sources of regional instability. However, since our forward deployments have been most commonly justified as a deterrent to Soviet expansionism, our presence in the region is now seen as less relevant in light of domestic changes within the USSR and prospects for U.S.-Soviet arms control negotiations. Moreover, nationalist sentiment is on the rise in a number of prosperous Asian nations. Leaders in these countries must contend with influential public opinion that views continued U.S. military presence on their soil as an affront to their sovereignty.

Clearly, important U.S. domestic considerations also must be taken into account. Significant reductions in the defense budget, generated by domestic perceptions of a diminished Soviet threat as well as by fiscal pressures, are probable. At the same time, it is appropriate to expect our prosperous Asian allies -- Japan and Korea -- to assume greater responsibility for their own defense and, by so doing, to contribute more directly to the stability of the region.

In response to the requirement contained in the FY 1990 Defense Authorization Act, this report discusses specific ways our Asian allies can increase their participation in regional stability and how we can reduce and restructure our military presence in East Asia. Using the specific questions raised in the legislation as a broad framework, this report outlines the rationale for a continued military presence in the Asia-Pacific region over the next decade. Based on our national security objectives and our projections of regional conditions, we conclude that abrupt and major changes in our security posture would be destabilizing. Nonetheless, adjustments to our forward deployed force structure can and should be made to accommodate changing global, regional and domestic realities. The report lays out the parameters for force restructuring and reductions in the Asia-Pacific region over the next decade. Within these parameters, it will be the responsibility of the principal military commanders involved to organize their forces to accomplish the missions and objectives we identify.

THE STRATEGIC ENVIRONMENT--PAST AND PRESENT

At the end of World War II, we were the predominant power militarily and economically on the Asia-Pacific rim, a position we held unchallenged for over two decades. Our national security objectives centered on defending American territory as far forward as possible, containing the Soviet Union and protecting strategic allies. Our military strategy to accomplish these objectives, dictated largely by time-distance factors, has been to forward deploy forces to permanent base infrastructures, primarily in Japan, Korea and the Philippines. We have complemented our presence through the development of strategic security relationships (Fig. 2). Recognizing the disparate cultures, political systems, and levels of economic development among our friends in the region, we chose to develop a network of mostly bilateral security relationships rather than a large collective arrangement such as NATO.

SECURITY TREATY COMMITMENTS OF THE UNITED STATES
BY REGION OF THE WORLD

EUROPE	MIDDLE EAST	AFRICA	ASIA*	AMERICAS
NATO			Japan	Rio Pact
			Korea	
			Philippines	
			Thailand	
			ANZUS	

** Asian treaties are bilateral except for ANZUS, however, even under ANZUS, the U.S. has suspended its security obligations to New Zealand.*

Note 1: *The Rio Pact involves 21 countries of Latin and South America; NATO has 15 members in Europe.*

Note 2: *Besides the above treaties, the United States also has obligations to defend the Marshall Islands and the Federated States of Micronesia which are Freely Associated States with the United States.*

Fig. 2

Our strategy has been successful. For example, in addition to performing our most highly visible mission of containing the Soviet Union, we have deterred another outbreak of war on the Korean Peninsula. In broader terms, our presence has contributed to regional peace, stability, and prosperity by providing the balance necessary to ensure that no single state assumed a hegemonic position. A notable exception to our success was the Vietnam conflict. The Vietnam experience reduced U.S. willingness to commit military force in certain situations, and to some extent, those inhibitions remain. Despite this setback, the combination of American economic power and a regional military presence gave us a leading voice in Asian affairs. Under the American aegis, an environment supportive of economic development and democracy has produced increasingly positive results..

Over the past twenty years, the Asia-Pacific rim has undergone remarkable changes, most of them favorable to the United States. The Soviet Union, while still the major threat in Asia, no longer is perceived as the serious menace it was during the 1970's and 1980's. China went through a decade of opening to the West and economic reform which showed tremendous promise, only to retreat to repressive measures to sustain the regime, even at the expense of the entire nation's development. However, China continues to place military modernization at the bottom of its list of four "modernizations" and thus its posture does not currently present a major military threat. The Republic of Korea has been transformed from a war-ravaged nation into an economic powerhouse with the potential to play the lead role in its own defense. Japan is unquestionably an economic superpower -- the world's largest creditor and, along with the United States, one of the two largest providers of economic assistance (Fig. 3). Japan's capabilities to provide for its own territorial defense and provide this economic assistance for the development of its regional neighbors have significantly increased and will also be a major factor in enhancing regional stability. Vietnam no longer actively threatens its neighbors, and, except for the Philippines and Cambodia, communist insurgencies have generally disappeared in Southeast Asia.

JAPANESE DISTRIBUTION OF
OFFICIAL DEVELOPMENT ASSISTANCE (ODA)
(MILLIONS OF DOLLARS)

	1986	1987	1988	1989
ASIA	2493.54	3415.88	4034.35	
MIDDLE EAST	339.82	526.00	582.52	
CENTRAL & SOUTH AMERICA	316.54	417.99	399.29	

Fig. 3

While virtually all non-Soviet allies in the region today want us to maintain a strong presence, most nations, for reasons of national pride, increasingly desire to be less reliant on the United States. This growing sense of independence, combined with changing threat perceptions and U.S. fiscal constraints, have led to increased scrutiny of the rationale for our continued military presence in Asia.

THE CHANGING STRATEGIC SCENE

The 1990's will be a decade of transition in the Asia-Pacific region. Political volatility and turbulence will characterize key countries -- China, the Soviet Union, North Korea, Cambodia and the Philippines to name a few. Political uncertainties are exacerbated by the major changes in generational leadership that will occur, such as in China, North Korea, Singapore, Vietnam and Indonesia. Intensified economic competition within the region and with the United States will increasingly complicate security relationships. Moscow will undoubtedly be a more active player in the Asian diplomatic arena as it seeks to further mend ties with Beijing and obtain financial and technological aid from Japan and South Korea. Overall, for the United States, the decade will present opportunities, and important challenges: maintaining our security arrangements; meeting stiff technological and economic competition; containing Soviet influence; and managing, with fewer resources, the process of change.

TABLE: SOVIET FORCES IN ASIA

GROUND FORCES	
Maneuver Divisions	48
Artillery Divisions	3
Tanks	11,500
Artillery	12,500
Helicopters	1,100
PACIFIC FLEET	
Total Ships, Vessel and Craft	875
SSB/BN	26
Other Subs	94
Carriers	2
Cruisers	11
Destroyers	8
Frigates	56
Minor Combatants	202
Amphibious	21
Support/Misc Craft	455
Combat Aircraft/Helicopters	345
Naval Infantry Divisions	1
AIR FORCES	
Bombers	215
Fighters/Attack Aircraft	890
Air Defense Fighters	590

Fig.4

The Soviet Union is conducting unilateral force reductions that should reduce Moscow's capability to conduct a limited ground offensive against the PRC, thereby mitigating an impediment to better relations. The U.S.S.R. is also clearly reducing its modest force posture in Southeast Asia by withdrawing some aircraft and ships from Cam Ranh Bay. In the Soviet Far East Military District which fronts Japan, however, Soviet capabilities still appear to far exceed those needed for defense (Fig. 4). However, at least in the short term, Soviet modernization programs, particularly air and naval, ensure a continued threat to our interests, and allies, and forces in Northeast Asia.

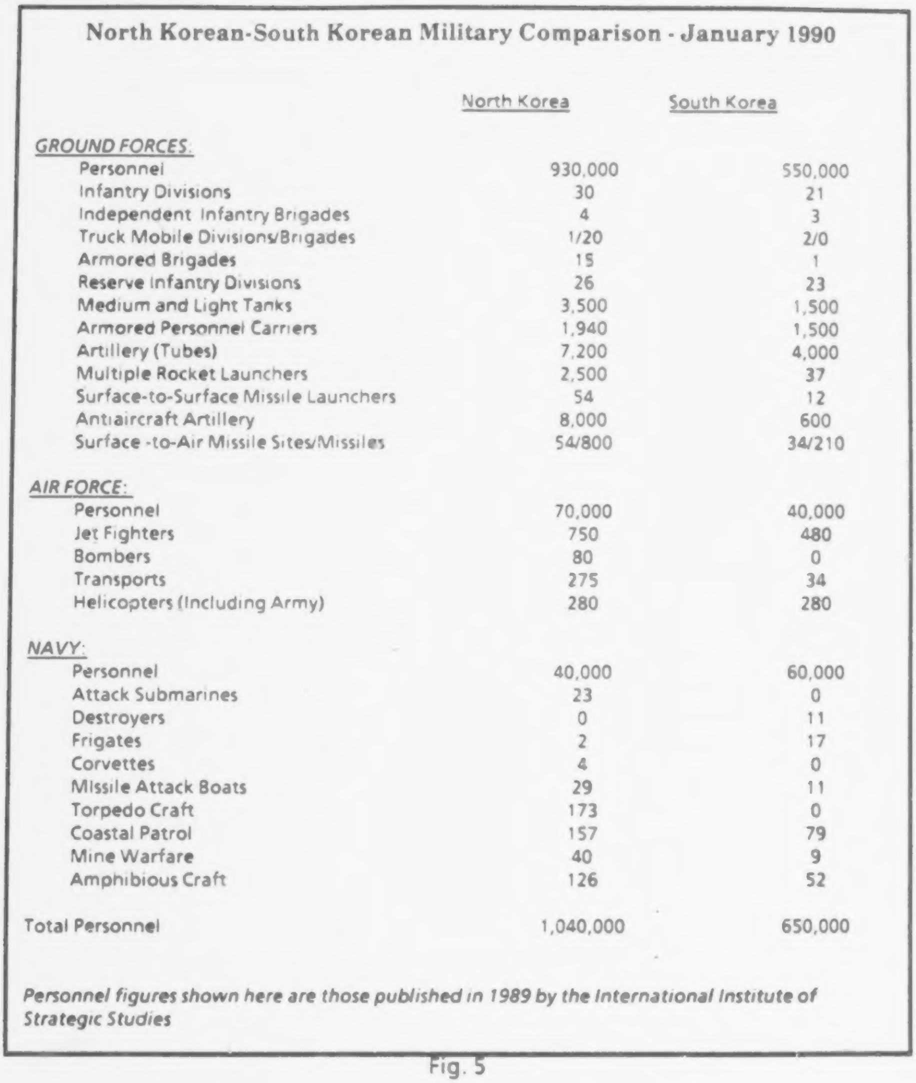
Soviet preoccupation with events in Eastern Europe has not detracted from Soviet interest in Asia, as demonstrated by

Premier Ryzhkov's February 1990 tour of the region. Moscow's attention and initiative will most likely increase as Gorbachev's proposed 1991 visit to Japan approaches. The issue of the Northern Territories remains the single greatest obstacle to an improved Soviet-Japanese relationship.

The U.S.-Japan relationship remains the critical linchpin of our Asian security strategy. The relationship, however, could be further strained during the decade by persistent trade problems and charges of unfair competition. Japan will seek a greater role in international decision making, principally in the economic arena, but also on political issues in which Tokyo has special interests -- particularly Asian issues. As Japan extends its regional economic influence, latent regional concerns may resurface. Increases in Japanese military strength undertaken to compensate for declining U.S. capabilities in the region could prove worrisome to regional nations, especially if they perceive Japan is acting independent of the U.S.-Japan security relationship.

The Korean Peninsula will remain one of the world's potential military flashpoints. The North has retained its reunification objectives, devoting an extraordinary percentage of its national wealth and maintaining a favorable military balance with over a million men under arms, at the expense of the welfare of its citizens (Fig. 5). It belligerently defies the international trend towards freedom and democracy witnessed elsewhere. North and South Korea will continue to engage in competing military modernization programs, with the Soviet Union remaining the primary source of sophisticated weaponry for Pyongyang. While Seoul is economically capable of matching Pyongyang's military buildup, the defense budget must now compete with other programs in South Korea's fledgling democracy. A decision by Pyongyang to pursue a nuclear weapons capability would be extremely destabilizing. Uncertainty surrounds the North Korean succession issue, which could increase the prospects for unpredictable behavior -- including the use of military force. Despite these compelling reasons for continued concern, progress is possible toward either peaceful reunification or a reduction in tensions by implementing a series of confidence building measures.

Chinese political dynamics will likely be volatile as Deng Xiaoping passes from the scene and various factions contend for control. While specific policies toward Hong Kong, Taiwan, and Vietnam will remain of concern throughout the decade, Beijing's strategy calls for a "peaceful international environment" and trade with market-oriented countries such as Japan and South Korea. However, some older generation leaders, more doctrinaire in outlook, appear willing to return to more isolationist policies of "self-reliance," especially now that orthodox ideology is once again dominant in Chinese decision making circles. Elements of the current leadership are also willing to



North Korean-South Korean Military Comparison - January 1990

	North Korea	South Korea
GROUND FORCES:		
Personnel	930,000	550,000
Infantry Divisions	30	21
Independent Infantry Brigades	4	3
Truck Mobile Divisions/Brigades	1/20	2/0
Armored Brigades	15	1
Reserve Infantry Divisions	26	23
Medium and Light Tanks	3,500	1,500
Armored Personnel Carriers	1,940	1,500
Artillery (Tubes)	7,200	4,000
Multiple Rocket Launchers	2,500	37
Surface-to-Surface Missile Launchers	54	12
Antiaircraft Artillery	8,000	600
Surface -to-Air Missile Sites/Missiles	54/800	34/210
AIR FORCE:		
Personnel	70,000	40,000
Jet Fighters	750	480
Bombers	80	0
Transports	275	34
Helicopters (Including Army)	280	280
NAVY:		
Personnel	40,000	60,000
Attack Submarines	23	0
Destroyers	0	11
Frigates	2	17
Corvettes	4	0
Missile Attack Boats	29	11
Torpedo Craft	173	0
Coastal Patrol	157	79
Mine Warfare	40	9
Amphibious Craft	126	52
Total Personnel	1,040,000	650,000

Personnel figures shown here are those published in 1989 by the International Institute of Strategic Studies

Fig. 5

retreat from reforms achieved over the past ten years to maintain internal control.

In Southeast Asia, the outlook for continued growth and stability is generally good, with some notable exceptions. A lasting resolution to the Cambodian problem continues to be problematic. Vietnam has instituted significant economic reforms, but not political reforms, and is in the midst of major generational leadership changes of uncertain outcome. While it is making active efforts to strengthen its ties to non-communist governments, it is unclear whether Hanoi is abandoning its longstanding goal of enforcing hegemony over Indochina.

Other longstanding regional problems with destabilizing potential persist. Unresolved territorial issues include the Spratly and Paracel Islands and Taiwan. Racial and ethnic tensions in multi-racial nations could warrant extra-regional attention. Historical enmity between various Asian states will remain a factor in the development of intra-regional relations. Growing prominence of new regional powers, such as India, is leading to regional anxiety. Proliferation of modern weaponry and missile technology could turn minor disputes into conflicts of major concern. Destabilizing arms sales and technology transfer, both to and from the region, will continue. Finally, illegal narcotics trafficking will pose a major problem.

U.S. REGIONAL ROLE AND OBJECTIVES

Despite the decade of change that we foresee, our regional interests in Asia will remain similar to those we have pursued in the past: protecting the United States from attack; supporting our global deterrence policy; preserving our political and economic access; maintaining the balance of power to prevent the rise of any regional hegemony; strengthening the Western orientation of the Asian nations; fostering the growth of democracy and human rights; deterring nuclear proliferation; and ensuring freedom of navigation. The principal elements of our Asian strategy -- forward deployed forces, overseas bases, and bilateral security arrangements -- will remain valid and essential to maintaining regional stability, deterring aggression, and preserving U.S. interests.

We do not bear this role and retain these forward forces only because we are concerned over the vacuum which would be created if we were no longer there, although that is a source of concern. Nor are we merely motivated by altruism. Simply, we must play this role because our military presence sets the stage for our economic involvement in this region. With a total two-way transPacific trade exceeding 300 billion dollars annually, 50 percent more than our transAtlantic trade, it is in our own best interest to help preserve peace and stability.

In the changing global and regional environment of the 1990's, superpower confrontation should diminish. In Asia, which has always been an economy of force theater for U.S. military operations (Fig. 6), the size, disposition, and

FORWARD DEPLOYED FORCES (U)

WORLDWIDE

COMMAND	TOTAL PERSONNEL	FORWARD DEPLOYED	FORWARD DEPLOYED AS % OF TOTAL FORCE [1]
EUROPE	341,000	341,000 [2]	16.0%
PACIFIC	362,000	135,000 [3]	6.3%
OTHER NON-CONUS COMMANDS	34,000	34,000 [4]	1.6%

[1] Total force is 2.13 million.

[2] This number includes 21,000 personnel afloat.

[3] This number includes 25,000 personnel afloat, but does not include 8,000 personnel assigned to Guam.

[4] This number includes 12,000 deployed to Africa and Near East/South Asia, 21,500 deployed to the Western Hemisphere, and 500 stationed in the USSR, Eastern Europe and Antarctica.

PLEASE NOTE: NUMBERS VARY THROUGHOUT THE YEAR, AND HAVE BEEN ROUNDED HERE FOR EASE OF DISPLAY.

EAST ASIA AND THE PACIFIC [1]

COUNTRY	TOTAL PERSONNEL FORWARD DEPLOYED		PERCENTAGE OF PACOM FWD DEPLOYMENTS
JAPAN	50,000		37.0%
Army Personnel		2,000	
Navy shore-based		7,000	
Marines		25,000	
Air Force		16,000	
KOREA	44,400		32.9%
Army Personnel		32,000	
Navy shore-based		400	
Marines		500	
Air Force		11,500	
PHILIPPINES	14,800		11.0%
Army Personnel		200	
Navy shore-based		5,000	
Marines		900	
Air Force		8,700	
AFLOAT/OTHERWISE FORWARD DEPLOYED (25,000 are afloat)	25,800		19.1%

[1] The 135,000 forward deployed personnel do not include 8,000 stationed in Guam. As above, figures have been rounded for ease of display.

Fig. 6

rationale for our forward deployed forces will be increasingly scrutinized. Nevertheless, in spite of a real and/or perceived reduction of the Soviet threat, what has previously been a traditional aspect of our military presence in the region -- the role of regional balancer, honest broker, and ultimate security guarantor -- will assume greater relative importance to stability. Over the next decade, as a new global order takes shape, our forward presence will continue to be the region's irreplaceable balancing wheel.

No other power is currently able or acceptable to play such a role, and a U.S. reluctance to continue in this role would be inherently destabilizing. A diminution of U.S. commitment to regional stability, whether perceived or real, would create a security vacuum that other major players would be tempted or compelled to fill. Such a scenario would likely produce a regional arms race and a climate of confrontation. Our policies -- political, economic, and military -- should evolve to avoid such a possibility and to support our unique and central stabilizing role.

Throughout the Pacific, our security presence moderates the actions of second-tier states with expansionist regional aspirations. By concentrating on the stabilizing aspects of our regional presence, we not only legitimize that presence, but also provide a rationale for increased cost sharing contributions to regional security by our friends/allies. This, in turn, helps temper traditional suspicions and friction between regional parties.

While our presence cannot guarantee the absence of conflict in the region, it can work to localize and minimize hostilities while providing us necessary diplomatic leverage for conflict resolution. In the regional milieu of the 1990's, this is a U.S. military role which will be understood, endorsed, and supported by virtually all the major regional players.

A changing regional security environment, however, requires us to fine tune our security objectives, both regionally and bilaterally. We will need to restructure our Asian-based forces to fit more accurately the most likely security contingencies of the 1990's.

Regional Peacetime Objectives:

While remaining flexible and alert to evolving circumstances, our fundamental peacetime objectives in the region will be to:

- continue our strategy of forward presence in Asia for the foreseeable future to deter potential aggressors;

- maintain and broaden access to facilities throughout the region;

- maintain regional stability and reduce tensions where possible;

- limit proliferation of nuclear, chemical, and biological weapons, especially on the Korean Peninsula;

- continue to encourage our Asian allies to assume a greater share of the responsibility for regional security and stability; and,

- encourage security cooperation among countries based upon agreed mutual interests.

Regional Wartime Objectives:

In support of our security objectives and national interests in the region, U.S. forces in the Pacific must be able to deter war, or -- if deterrence fails -- to fight and win. This will increasingly require the collective capabilities of U.S. forces augmented by our Asian allies. Our wartime objectives for East Asia and the Pacific include, but are not limited to:

- defending Alaska, Hawaii, and the connecting lines of communication (LOCs) to the continental United States;

- assisting our allies in regional defense as appropriate;

- maintaining the security of the LOCs throughout the Pacific - especially to the Persian Gulf, Indian Ocean, and the East and South China Seas; and,

- protecting U.S. territories and freely associated states for which the U.S. retains defense responsibilities.

Operational Mission Capabilities:

The United States and its allies must maintain military forces capable of achieving peacetime and wartime objectives throughout the entire spectrum of warfare. Operational mission capabilities for the U.S. include:

- strategic and non-strategic nuclear warfare,
- global and theater conventional warfare,
- unencumbered access to the LOCs,
- force projection, and
- low intensity conflict.

A STRATEGIC FRAMEWORK FOR THE 1990'S & BEYOND

Given these national interests and security objectives, it is essential to position ourselves now to meet the challenges of the 21st century. Our goals in the next decade must be to deal with the realities of constrained defense budgets and a changing threat environment while maintaining our resolve to meet American commitments. In this context, we believe that our forward presence in the Asia-Pacific region will remain critical to deterring war, supporting our regional and bilateral objectives, and performing our military missions. The volatility and uniqueness of the East Asian environment -- where the strategic changes in Europe are not mirrored -- combined with existing U.S. economy of force, make major force reductions in the Pacific unwise. The 6.3 percent of our total force forward deployed in the Pacific: ensures a rapid and flexible response capability; enables significant economy of force by reducing the number of U.S. units required and allowing allies to share in defense costs; provides an effective logistics base; and demonstrates to our allies and potential enemies a visible U.S. commitment. Consequently, deployment patterns of our forces should remain much as they are.

However we elect to retain our forward deployed presence, U.S. nuclear umbrella will remain a critical element. In large measure, it has been our nuclear commitment that has slowed nuclear proliferation in the area. Movement away from this commitment would have disastrous effects and could destabilize the entire region.

The Strategic Plan:

A continued, substantial air and naval presence in East Asia is required, but measured reductions of ground and some air forces in Korea, Japan and the Philippines can take place. In the Republic of Korea, while not acting precipitously, and always taking into account the military balance on the peninsula, we will begin to draw down ground presence and modify command structures so as to transition from a leading to a supporting role for U.S. forces. In addition to ground force restructuring, some reduction in our Air Force presence may also be in order, as ROK Air Force capabilities improve. Regardless of the scope of our force reductions, we will continue to encourage the Koreans to increase their defense spending -- not only to compensate for our reductions, but also to increase their contribution to the cost of our remaining in-country presence.

In Japan, beyond some personnel reductions, we envision little change in current deployment patterns -- particularly our forces based at Misawa which serve as a deterrent against the Soviet Union; our key logistics hub at Yokota Air Base which supports global and regional contingencies; and our naval facilities at Yokosuka which possess the best naval repair facilities in the western Pacific and act as a naval force multiplier. However, we will continue to press for Japanese force improvements designed to meet our agreed roles and missions concepts, and increased cost sharing.

In Southeast Asia, our projections are clouded by a variety of uncertainties, including the outcome of the Philippine base negotiations, the unsettled Cambodian situation, and the economic and political growth of the ASEAN countries. We will attempt to retain our basing rights in the Philippines, recognizing that our prospects are uncertain. Prudence requires us to explore alternative arrangements -- redeployment to U.S. bases elsewhere in Asia and the Pacific, complemented by expanded access agreements such as those we are currently pursuing with Singapore. While such expanded access arrangements do not offer as much capability as permanent bases, they could advance the objectives of spreading the burden of defense cooperation and ensuring our continued presence in the region.

As we look to the future, it is clear that the best approach will require a combination of caution and innovation in order to adjust to regional changes while preserving the required degree of U.S. presence. We believe that a phased approach, capable of responding to global and regional reactions, is the soundest means of accomplishing our strategy. The plan outlined below is designed to meet rapidly changing strategic circumstances, the concerns of friends and allies, and budget realities. Accordingly, a U.S. national security review process will be conducted at the end of each phase to determine how best to proceed with the following phase. Country-specific objectives and force adjustments are outlined in succeeding sections; but in broad terms, we envision the following:

PHASE I -- 1-3 YEARS: Thin out the existing force structure and begin rearranging security relationships

- Over the next three years, the Department of Defense will, in a balanced and measured way, restructure and reduce its forces in the region without jeopardizing its ability to meet its security commitments. Adjustments in our combat forces will be minimal. As an interim goal, our overall force total of 135,000 forward deployed in Asia will be reduced by 14,000 to 15,000 personnel.

PHASE II -- 3-5 YEARS: Reduce and reorganize the force structure

- During this phase, proportionally greater reductions in combat forces will be undertaken incrementally to ensure that potential adversaries do not misread our deterrent capability and intentions.

PHASE III -- 5-10 YEARS: Further reduce forces and stabilize at a somewhat lower level as circumstances permit

- Continue modest cuts beyond Phase II reductions, as appropriate, given existing circumstances.

This general strategy should remain flexible so that it can be modified according to regional responses, particularly from nations where we presently maintain forward deployed forces. Since the vast bulk of these forces in Asia are located in Northeast Asia where the greatest threat exists (North Korea and the USSR), and our security relationships with Korea and Japan are the most complex, we must pay special attention to the nature and timing of changes that we propose there.

Managing the Cost Sharing Issue:

In the area of cost sharing, we expect increasing assistance from our allies. Increased cost sharing is attainable if we proceed on a steady upward slope with phased goals. The best chance of success in obtaining sizable increases is with proposals made with a definite rationale that can be argued logically in the capitals of those allies, primarily Japan and the Republic of Korea, who are in the best economic position to assume additional responsibilities and increase the share of defense costs they bear.

We must avoid the temptation to "decree" that certain levels of Gross National Product or other specific criteria are a "fair share" of the defense cost sharing. Arithmetic formulas for increases based solely on the premise that there are significant trade imbalances or simply that a specific ally "should do more because it has the money" will likely be met with stiff resistance because such approaches can be viewed as challenges to national sovereignty. It will be more productive to demonstrate a clear need and appeal to our allies' sense of national responsibility. A clear definition of the relative roles and missions assured by the United States and particular allies has proven most productive in the past and has the greatest prospect for success over the next decade.

We will work closely with the allies to identify increased responsibilities that can be assumed from the U.S. A key way for the allies to do more is to accept greater responsibility for combined operations, thereby reducing the requirement for part of the U.S. infrastructure associated with the performance of these responsibilities. The Koreans, for example, have already agreed to increase their responsibility in international bodies associated with maintaining the truce, and the Japanese have agreed to provide the U.S. increased space in selected control centers to increase interoperability of the two nations' forces.

Having identified areas where the allies can participate more fully in their own defense, we must work closely with them to ensure they develop the force structure necessary to support their increased role. Since major changes in military forces and increased acquisition of hardware are not achieved overnight, we must be patient yet continue to encourage them to improve their capabilities.

In the interim, both Japan and South Korea can contribute more financially to ease the U.S. burden for mutual defense. We will continue to work with the Japanese and Koreans to pursue specific areas for increased cost sharing. We are also seeking increased commitments from the Japanese for greater contributions to costs involved in maintaining a U.S. forward presence in Japan. Additional initiatives are outlined in the country-specific discussions below.

COUNTRY SPECIFIC OBJECTIVES

Korea

The Korean Peninsula represents special problems for our Asia-Pacific strategy initiative. Our specific bilateral security objectives are to:

- deter North Korean aggression or defeat it if deterrence fails;

- reduce political and military tensions on the peninsula by encouraging North-South talks and the institution of a confidence building measures (CBM) regime; and

- transition U.S. forces on the peninsula from a leading to a supporting role, including some force reductions.

Given our objectives as well as the unique constraints, our preferred near-term approach is to focus on identifying military roles and missions currently performed by the U.S. that the ROK can assume. As ROK military strength develops and broadens, some U.S. units can transfer their responsibilities and be drawn down. During the 1990's, we will seek to restructure our forces to a level that will support U.S. interests over the long term.

Phase I -- 1 to 3 Years:

The status quo on the peninsula that has existed for 37 years is under the terms of an armistice signed by the United Nations Command (UNC), on one hand, and the North Korean armed forces and Chinese People's Volunteers on the other. The UNC must therefore be retained, essentially in its current form.

During this phase, we will begin streamlining our force presence by reducing administrative overhead and phasing out units whose mission can be assumed by the ROK armed forces. U.S. ground force modernization will permit some streamlining of the 2d Infantry Division while preserving its combat capabilities intact. Overall, by the end of this phase, we envision a force reduction of about 7000 personnel including 2,000 Air Force personnel and approximately 5000 ground force personnel.

These reductions are possible because of steady improvements in ROK defense capabilities. Under its current force improvement program (FIP III), South Korea continues to devote about one-third of its defense budget to investments in force upgrades:

- South Korea's defense industry continued the manufacture of its main battle tank and other hardware.

- New artillery tubes were placed in front-line units, allowing older tubes to be rotated into reserve units.

- Two new infantry divisions were formed, and a new artillery brigade was fielded.

- Six Chinook helicopters were acquired, providing the South Korean Army with a new medium to heavy lift capability.

- The acquisition of AH-1 Cobra gunships led to the formation of a new attack helicopter battalion.

- The first Korean combat electronic warfare and intelligence (CEWI) battalion has been activated.

- Over 30 F-4D/E aircraft have been added to the ROK Air Force inventory, and 12 RF-4C aircraft have been acquired, providing an improved tactical reconnaissance capability which will be even more crucial as we remove our RF-4Cs from Korea and retire them.

Phase II -- 3 to 5 Years:

Toward the end of Phase I, we will reexamine the North Korean threat, evaluate the progress and effects of the changes outlined above, and consider new objectives to be established for Phase II. Restructuring of the 2d Infantry Division will be considered at this point. Changes affecting the combat capability of the division will continue to be considered in terms of the state of North-South relations and improvements in ROK military capabilities.

Phase III -- 5 to 10 Years:

Assuming successful completion of the earlier phases, the Koreans should be ready to take the lead role in their own defense. As that happens, fewer U.S. forces would be required to maintain deterrence.

Cost Sharing:

In the context of our bilateral security relations, we must also secure from the Koreans greater near-term contributions to the common defense. Specific objectives during this phase include reaching agreement on and beginning ROK funded relocation of U.S. forces out of Seoul, and expanding Korea's share of the costs associated with maintaining U.S. forces on the peninsula.

U.S. cost sharing requests have been presented to ROK Defense Ministry personnel at several meetings, most recently during the visit of Secretary of Defense Cheney to Seoul in February 1990. Our proposals have centered on Korea assuming an increasing share of the won-based costs associated with supporting U.S. forces. Two key elements of our proposals have been ROKG assumption of indigenous labor costs and an increase in military construction funding. We have also sought greater flexibility in administering the various cost sharing programs already in place.

U.S.-Republic of Korea Consultations:

With the ROK economy thriving, Seoul can now afford to contribute more to its own defense. The consultations on restructuring the ROK-U.S. security relationship held during Secretary of Defense Cheney's visit to Seoul in February 1990 mark the beginning of a process that will ultimately transition U.S. forces from a leading to a supporting role in ROK defense matters. In addition to presenting the phased proposals outlined above, we asked that Seoul substantially increase its contribution to cost sharing.

Japan

It is in the U.S. interest to maintain a forward deployed presence in Japan over the long-term for two reasons: the geostrategic location of bases and the cost effectiveness of our presence compared to anywhere else.

While leaving the exact nature of our force structure to the military commanders, in general we see a continued, substantial air and naval presence in Japan, but with possibly measured reductions of ground and some support air forces, particularly in Okinawa. On mainland Japan, we envision little change in current deployment patterns. We will maintain USAF forces at

Misawa and a forward-deployed carrier at Yokosuka. We will rationalize use of our bases and facilities on Okinawa with the aim of returning property to improve civil-military relations.

Nevertheless, over the next decade our bilateral relationship will continue to be buffeted by trade disputes, a stubborn trade deficit and fears over the loss of technological competitiveness. Additionally, domestic political constituencies in Japan will continue to challenge the need for and merits of the U.S.-Japan security relationship. Moreover, from the U.S. side, there will be considerable domestic pressure to reduce U.S. presence in Japan unless Japan funds this presence to the maximum appropriate extent.

Key elements of our strategy in Japan are to:

- reduce as possible our force level in Japan while maintaining essential bases which enable us to provide regional stability and deterrence in Northeast Asia;

- continue to encourage Japan to increase its territorial defense capabilities and enhance its ability to defend its sea lanes out to a distance of 1,000 nautical miles, while at the same time discouraging any destabilizing development of a power projection capability;

- engage Japan even more closely in our political efforts with Western allies to maintain stability in key regions of the world, while encouraging Japan's support for regional adjustments, including increased financial support of U.S. forces operating from Japan;

- stress the importance of maintaining interoperability in our military weapons systems by encouraging maximum procurement from the U.S., increasing technology flowback, and discouraging the development of non-complementary systems; and

- increase political-military dialogue and revitalize the security consultative process.

Phase I -- 1 to 3 Years:

Based upon decisions made by the Commander in Chief, Pacific (CINCPAC) on how he wishes to configure his forces, we will reduce the level of our military presence in Japan in an incremental way while seeking increased Japanese support for our remaining forces. Specific actions include:

- personnel reductions of about some 5,000 - 6,000, including possible reductions in Okinawa;

- the return to the GOJ of excess facilities, particularly those in Okinawa, through already established procedures.

Phase II -- 3 to 5 Years:

Contingent upon our allies assuming more responsibilities, and the preservation of regional stability, we will pursue additional efficiencies and reductions.

The Japan Self-Defense Force will be encouraged to improve the quality, but not necessarily quantity, of its force structure through the procurement of advanced weapons systems, improved sustainability, and improved command and control and logistics infrastructure.

Phase III -- 5 to 10 Years:

Depending upon the state of East-West relations, we could begin to make further reductions in our force presence. U.S. deterrent capabilities in Japan -- a homeported aircraft carrier, strategic lift aircraft, and postured Air Force strike assets -- will remain to fulfill our regional and global missions and to honor our treaty commitments.

U.S.-Japan Consultations:

Since U.S. forces in Japan have a regional mission in addition to aiding the defense of Japan, it is extremely difficult to identify the direct costs associated with only the defense of Japan. Japan's contribution has continued to increase over the years (Fig. 7). Because Tokyo now pays approximately 35 to 40 percent of the total costs associated with the U.S. presence in Japan, the case could be made that Tokyo is already paying the direct cost of deploying U.S. forces for its defense. However, because Japan accrues significant benefits from U.S. security efforts regionally and, to a great extent, globally, it is appropriate for the U.S. to seek additional cost sharing.

During Secretary Cheney's February 1990 trip, the GOJ acknowledged its need to do more toward assuming increased host nation support. It is difficult, however, to predict the means and timetable.

During Secretary Cheney's trip, Tokyo expressed appreciation for our close consultations to date. Japan views its security as being guaranteed by U.S. naval forces and Korean security as guaranteed by U.S. ground forces. Marked changes to these forces will impact on Japanese psychology.

A near-term reduction of some 5,000 - 6,000 personnel in U.S. Forces, Japan is acceptable to Tokyo if the bulk of the cuts are ground or other support units.

Efforts to consolidate facilities and areas on Okinawa are proceeding through the bilateral Facilities Adjustment Panel

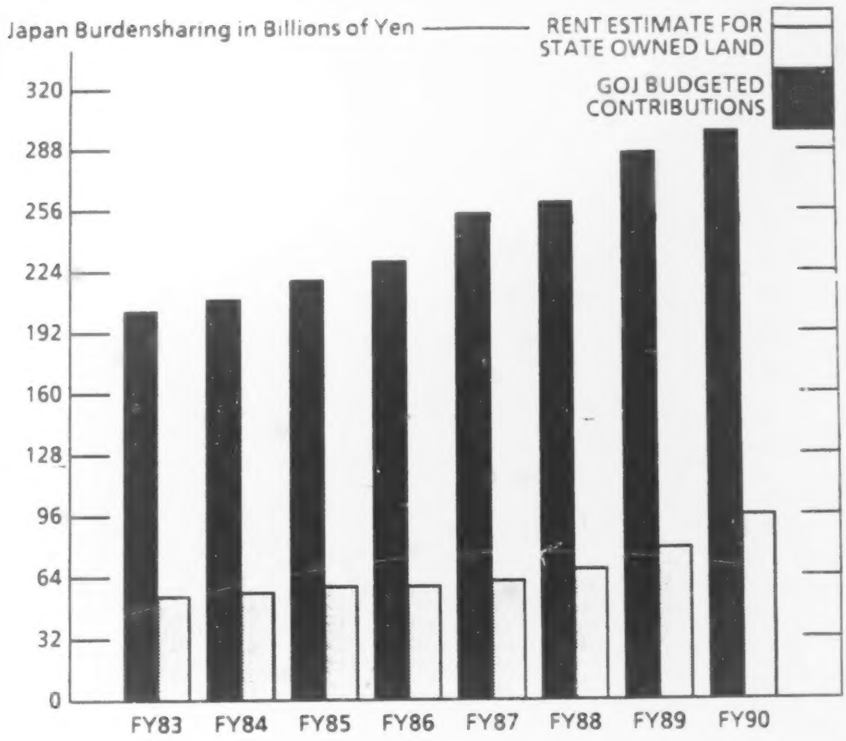


Fig. 7

(FAP) process. The FAP has identified all areas of concern and the U.S. and Japan are acting to resolve them as quickly as possible. Although U.S. forces in Okinawa have the strong support of the national government in Tokyo, local political pressures are taken into consideration by the FAP.

Philippines

Our facilities in the Philippines form a cornerstone of our regional basing structure and military presence. The facilities also provide U.S. forces significant logistics, maintenance and training support. For the immediate future, we will seek to maintain most of our forces there, although we anticipate that a reduction of approximately 2,000 personnel may be possible.

Nationalist pressures, political uncertainty and U.S. difficulties in meeting Philippine expectations for increased compensation will complicate the negotiations on basing rights. Although a majority of Filipinos support a continued U.S. security presence in the Philippines, some appear to regard recent changes in Europe and the Soviet drawdowns from Cam Ranh Bay as fortuitous events which "justify" a relatively rapid U.S. withdrawal from the Philippines. However, the U.S. presence in the Philippines clearly serves U.S. and Philippine interests beyond containment of the Soviet Union. The Philippines is also assisted by the net benefits injected into its economy.

Although we hope to retain our military presence in the Philippines at least over the mid-term, the Philippine Government could require us to withdraw. Prudence has thus dictated careful study of basing alternatives. No single potential replacement site could accommodate all of the functions now performed in the Philippines, and none would share the strategic Philippine location. Nonetheless, alternatives exist, even if expensive, time consuming to develop, and operationally less effective.

ASEAN

Our objectives for the ASEAN nations (minus the Philippines) -- Thailand, Malaysia, Singapore, Indonesia, and Brunei -- are to: increase regional security, foster interoperability and good military-to-military relations through expansion of exchanges, combined training and exercises. Expanded access or new basing arrangements with ASEAN could help counterbalance a reduced military presence in the Philippines. However, while ASEAN nations are interested in enhanced bilateral cooperation, most are unlikely to enter into formal security alliances or basing arrangements with the United States. Our goal should be to strengthen our network of bilateral security relationships that will preserve our military presence in the region, meet our global military needs, and achieve our security goals with a smaller U.S. force presence in Asia and the Pacific.

ANZUS

Few American relationships are as close as those with Australia and, until recently, New Zealand. We hope to improve our relations with Australia even further over the next decade, and, if New Zealand overturns its anti-nuclear policies and legislation, we would hope to be able to reinstate the full ANZUS pact in force.

MULTILATERAL CONSULTATIONS

Our friends and allies in East Asia are reluctant to enter into multilateral consultations on security concerns for a variety of reasons. Foremost is the wide cultural, political and economic diversity among most of the Asian states which makes bilateral security arrangements much more appropriate. In fact, the U.S. has been very successful in maintaining influence, security and stability through its network of bilateral arrangements. If the U.S. were to attempt to force a multilateral forum, we would almost certainly lose the considerable influence that we enjoy in our bilateral relationships.

In Japan, the government, backed by popular opinion, has interpreted Article Nine of the Japanese Constitution to mean that Japan does not have the constitutional right to engage in collective security, the only exceptions being the Treaty of Mutual Cooperation and Security with the United States and the United Nations Charter. Any movement toward a mutual security arrangement outside the framework of these two documents is considered unconstitutional. Consequently, the Japanese are unwilling to discuss any multilateral security arrangements and have repeatedly declined offers to participate in defense-related meetings and exercises held outside the treaty relationship with the United States. Since this policy is based upon political interpretation of the Constitution rather than on a legal ruling, change is possible but is unlikely in the foreseeable future.

Other friends and allies in the region are similarly reluctant to entertain the concept of a regional security arrangement. Although they welcome the strong bilateral relationships the U.S. has with them and with other regional states, especially Japan. As a result of these regional constraints and concerns, we believe U.S. interests are best served by continuing to work within the context of the bilateral defense relationships we have developed over the years. At the same time, we will continue to consult with and keep our Asian friends and allies apprised of our regional defense objectives, such as was accomplished during Secretary Cheney's recent trip to the Asia-Pacific region.

ARMS CONTROL AND CONFIDENCE BUILDING MEASURES

Against the backdrop of continuing change in the Asia-Pacific region, the applicability of confidence-building measures and arms control should be examined. A reduction of tensions in the Asia-Pacific region is clearly in the U.S. interest, and we support any steps that could lead to a more stable environment. The reality, however, is that arms control and confidence building measures we have instituted in Europe are not always applicable to the Asian scene.

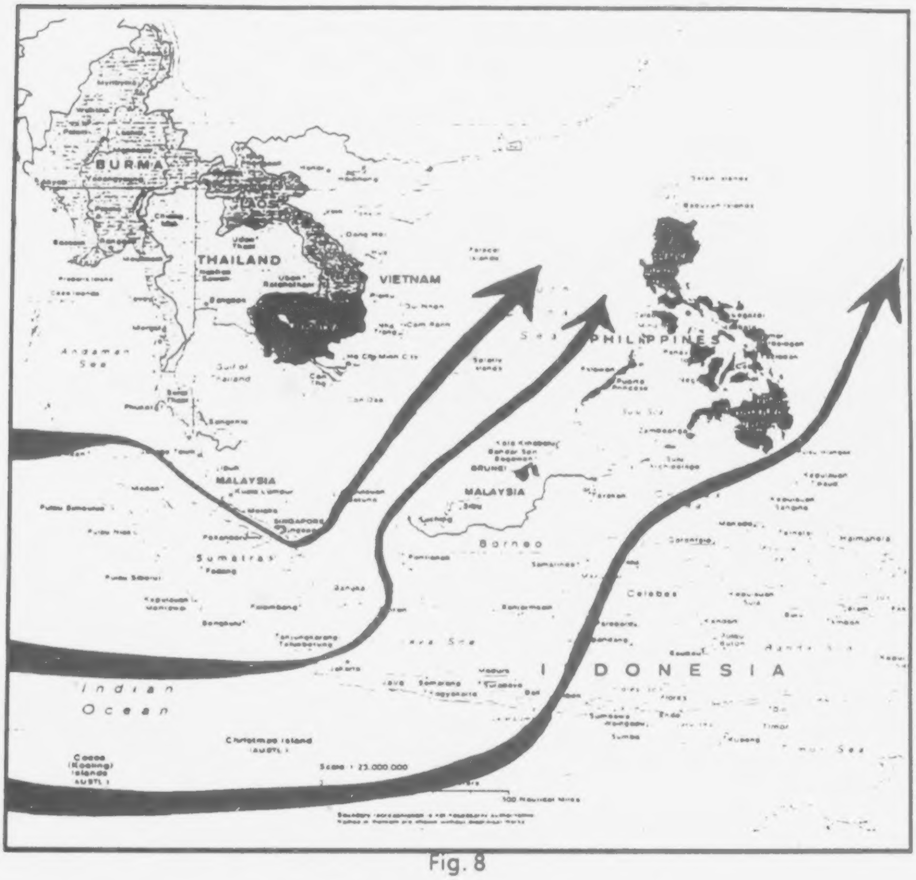
In Europe, we have had two major alliance blocs opposing each other in a ground war scenario. Such a confrontation lends itself readily to mutual reductions in the combat forces of the respective alliances. In Asia, however, there are not two opposing alliances but rather superpower competition (albeit declining) in a region which reflects wide-ranging political, economic and cultural conditions. Consequently, there is no basis for mutual reductions that can be applied evenly over the entire region. For example, while it could be argued that naval reductions would have lesser impact on U.S. obligations to Korea, any substantial drawdown of the U.S. Seventh Fleet would greatly jeopardize our ability to fulfill security and defense commitments to Japan and protect the ever more critical commercial sea lines of communications. Likewise, the removal of our forces from the Philippines would not be considered as serious to our friends in Northeast Asia as it would be in Manila, Bangkok, Singapore and elsewhere in Southeast Asia.

An additional difficulty with arms control in the Pacific is that it could rapidly become a discussion of naval and air arms control. We remain strongly opposed to naval arms control discussions. Specifically, naval arms control in Asia is inadvisable. The U.S. is, has, and always will be a maritime power. Our national lifeline is wholly dependent upon the freedom of the seas and our ability to access our overseas markets. This has become particularly significant along the Pacific Rim now that 37 percent of our total trade is in Asia. The United States must be able to protect those sea lines of communication without encumbrance. We must retain our flexibility to move our forces at a moment's notice and operate without restriction on the open seas and international waterways (Fig. 8).

A corollary to this point, but one often ignored when the Soviets raise arms control in Asia, is the fundamental objective of arms control measures: to lower the possibility of misunderstanding and conflict through a reduction of forces that serves as a mutual degradation to both parties' capabilities. While arms control measures in Asia, especially naval arms control, may adversely affect weapons systems, they will not mutually disadvantage both parties. Since the Soviet Pacific fleet serves a different function than the U.S. Seventh Fleet, there is an inherent imbalance. There is no way to adequately redress the asymmetries between the land-based Soviet forces, with substantial long-range air assets, and the sea-based strengths the United States possesses in Northeast Asia.

The Soviet proposals also ignore another very important fact of U.S. presence in the region -- namely, that it is not solely Soviet-oriented. In Europe, our forces have been part of a multilateral alliance structure formed to counter the threat from the Warsaw Pact alliance structure. In Asia, our forward-deployed force structure is geared as much to maintaining

CRITICAL SLOCs INDIAN/PACIFIC OCEANS


BURMA
LAOS
THAILAND
VIETNAM
Andaman Sea
Gulf of Thailand
PHILIPPINES
MALAYSIA
SINGAPORE
BRUNEI
MALAYSIA
Borneo
Sumatra
Celebes
INDONESIA
Indian Ocean
Christmas Island (AUSTL.)
Cocos (Keeling) Islands (AUSTL.)
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Timor Sea

Fig. 8

regional stability outside the Soviet context as it is a counter to Soviet adventurism. This regional balancing role will take on growing significance as the Asia-Pacific region continues to increase in importance. Most regional actors recognize the necessity of and welcome our U.S. presence as a key contribution to regional stability. Moreover, the U.S. forces in Asia most likely to respond to a regional contingency are in fact the naval forces. Restrictions on our navy impair our capability to meet treaty obligations and protect other interests.

The one Asia-Pacific location where "transparency-style" confidence-building measures and arms control might be adopted is the Korean Peninsula, where the European ground context is applicable. The powerful opposing forces on each side of the DMZ, could, as a first step, negotiate transparency-style measures such as data exchanges and exchanges of observers at military exercises. The U.N. Command has made such proposals at the Military Armistice Commission. Unfortunately, North Korea has generally ignored these proposals to date. Any mutual agreement on confidence-building measures would lower tensions and promote greater understanding. The United States has encouraged both North Korea and the Republic of Korea to engage in serious discussions on military tension reduction measures in their bilateral discussions.

We continue to vigorously support a mutual reduction of tensions on the peninsula and again call on Pyongyang to enter serious discussion with Seoul. We are convinced adequate measures could be found to move combat forces away from the DMZ and to avoid dangerous misinterpretation of actions by some forms of verifiable safeguards and information exchange. Other measures could include equalizing troop levels and mutual, balanced reductions of offensive weapons. Such goals cannot be attained overnight, but we believe that confidence building measures can begin now. North Korea should seriously consider measures such as mail exchanges, humanitarian exchanges (relief from natural disasters, etc.), and notification of exercises. The United States fully supports such actions; in fact, the U.S. and the ROK have annually invited North Korean and Chinese observers to the Exercise TEAM SPIRIT. These invitations go unanswered every year.

For some time, we and our allies have taken actions, such as the invitations to TEAM SPIRIT, that we believe constitute confidence building measures. The Soviets recently announced some data on their Far East military force posture and have invited foreign observers to view a naval exercise. Although we welcomed these announcements, we note that U.S. force posture in East Asia has been public for years. We also remind the Soviets that our Japanese allies are limited constitutionally to developing a conventional defense capability only, a significant confidence building measure to the Soviet Union and all nations of the region.

CONCLUSIONS

Our deterrence posture and forward presence in East Asia have been successful, and it remains in our interest to maintain a forward deployed strategy, including a military presence on the Korean peninsula and elsewhere in East Asia and the Western Pacific. Changes in the regional environment and at home may make it more difficult to maintain this presence. We must continue realistic reappraisals of our national security objectives in Asia and the force structure required to meet them. We should undertake near-term changes with caution, and in close consultation with our allies. At the same time, we must work with our allies to develop a vision for our forward strategy and presence in the year 2000 and beyond.

A coordinated strategy, within the U.S. Government as well as with our friends and allies, is essential for successfully executing our initiative. It must not be merely a reaction to budget pressures, but a reasoned response to changed strategic realities. Frequent consultation with our allies is essential. We must solicit their opinions, assuage their concerns and determine the limits of their support. We must stress that our strategy is coherent, non-destabilizing and in their interest.

Chairman NUNN. Thank you, Secretary Wolfowitz.

Mr. WOLFOWITZ. Excuse me a second.

Chairman NUNN. Go ahead.

Mr. WOLFOWITZ. I would like to say just a word about my distinguished colleagues here.

Chairman NUNN. Go right ahead.

Mr. WOLFOWITZ. Ambassador Holmes is someone we can present as another example of effective executive-legislative cooperation, since I believe the initiative to create the post of an ambassador for burdensharing came from the Congress—from the Senate, in fact. But, again, we have embraced it enthusiastically, and you can tell that from the quality of the person appointed to that job.

Ambassador Holmes is one of our most distinguished members of the Foreign Service, and I think people in the Pentagon would say he is one of the ones who best understands political-military issues. We very much welcome his involvement in these issues. He has traveled with Secretary Cheney both to Europe and the Pacific, and he is here to answer questions you may have about burdensharing.

Admiral Bill Pendley has had a very distinguished career. He is the Director of J5 for CINCPAC, in charge of developing strategies and military and economic policies. He came to that job directly from being commander of our naval forces in Korea, where he also had the dubious pleasure of being our senior military representative dealing with the North Koreans on the Armistice Commission.

And Carl Ford—who I think is so well known up here I do not need to introduce him—has really been the sparkplug in this work, the man who has really kept this process moving along, provided its intellectual inspiration, and brokered the inevitable compromises that are necessary in getting where we are. So, I owe a special thanks to him.

With that, we are ready for questions.

Chairman NUNN. Thank you very much, Mr. Secretary, and I thank the Admiral, Carl Ford, Allen Holmes and all of you for putting together this report. I know it has been time-consuming. It has taken a lot of time and effort, but I think it is worthwhile, and I believe it is an excellent beginning point in our deliberations and will have a large effect on the outcome of what we decide here on Capitol Hill.

Just two or three questions and then I will rotate it around and come back. Have you connected budget numbers with these reductions and offsets? Have you conveyed that into numbers that reflect budget savings in 1991, 1992, 1993, and 1994?

Mr. **Wolfowitz**. Mr. Chairman, I will let Carl address that.

Mr. **Ford**. Mr. Chairman, at this point we have simply been talking with JCS and various other people in the Pentagon working on our budget. They are aware of this report. These numbers will be factored into their manpower calculations and their budget lines. They have been very much a part of this.

We have not approached this, however, from a budget exercise. We have gone at it from a position of what our military requirements will be over the next decade, tried to come to some sensible conclusion about what that meant in terms of numbers or troops, types of units; and then we have turned that over to the CINCs to provide the specifics of what units they might reduce, how many people from where. That will then be sent back to the Pentagon and worked into our budget process for the next several years.

Chairman **Nunn**. Will any of the numbers—and I understand that you have started from the policy point of view—there is savings that will fall out from that as we go down the line, and I believe you have started in the right place. The question, though, is whether there are any 1991 effects. Do you know of any 1991 budget effects of these plans?

Mr. **Wolfowitz**. We have already made some adjustments including to our Air Force posture in Korea which, in a sense, are subsumed among some of the changes that I have discussed here, and we could give you a detailed submission for the record on that. In fact, we are already beginning to reap the benefits of this process because I think the Koreans were prepared for the kinds of adjustments that you see in the 1991 budget.

To add to what Carl said, we have started this process from the policy end, rather than the budgetary end, looking at what we can do strategically and what the traffic will bear. But there is no question that the budgetary benefits are very evident to the services. We were just in a lengthy session in the Tank with the Secretary and the service Chiefs, and the Army in particular is interested in taking advantage of any economies that can be wrung out in this process. So, I think we are definitely producing some results that are of very near term interest.

[Additional information follows:]

As has been noted by the Chairman, DOD has approached the issue of force reductions in the Asia/Pacific region from a policy and not a cost cutting point of view. The services and Pacific Command are in the process of determining adjustments that can be made to our force posture in Asia required as a result of this study. When specific adjustments have been identified, we will be in a much better position to provide budget data. I will be glad to provide this information to the committee when it becomes available.

Chairman **Nunn**. Let me ask Ambassador Holmes this question or any of you who would like to answer it. It is my understanding—and correct me if these numbers are in any way wrong—South Korea contributes now about 12 percent offset against our defense costs in that country. Is that correct?

Ambassador **Holmes**. Yes, it is. I think it is a little over 13 percent, but in that neighborhood.

Chairman **Nunn**. About 13 percent?

Ambassador HOLMES. Yes.

Chairman NUNN. Japan, on the other hand, offsets about 40 percent of our costs, is that correct?

Ambassador HOLMES. It is about 41 percent if you include their indirect payments. About 35 percent for just their direct payments, their cash payments.

Chairman NUNN. I believe that almost everybody I know on Capitol Hill, both political parties, believe that South Korea ought to contribute more to offset now that their economy is so much stronger than it has been in the years when we started our commitment in South Korea.

How are we coming with the offset talks and what are your expectations?

Mr. WOLFOWITZ. Let me say, if I might, just quickly before Ambassador Holmes answers that question, that in looking at the overall picture one should bear in mind how much the South Koreans are doing to improve their own combat capabilities.

The South Korean defense budget over the last decade has roughly tripled. If you talk about real growth, it is just spectacular, and that is part of the reason that we are able to contemplate these kinds of reductions in our forces. Even more importantly if, God forbid, we ever should have to fight a war there, it would mean that they would be doing the bulk of the fighting, and that is a major part of burdensharing.

What we are entering is a new phase where we think, increasingly, they need to take on the kind of support for our presence that the Japanese do, but we are really just beginning that. Some of our first discussions of that have taken place recently on Secretary Cheney's trip to Korea. Allen Holmes was along with him. Allen, you may want to comment on that trip.

Ambassador HOLMES. I think we have a good process going with the Korean Government. In 1988 they agreed to a multi-year program to share U.S. stationing costs in four areas: military construction, aircraft maintenance, war reserve stocks, and improving theater communications. Their share in these areas increased from $45 million in 1989 to $70 million in 1990. And when other Korean payments in support of U.S. forces are included, they will spend approximately $320 million in 1990.

But the main point is that we have an agreement in principle to work with them and there are three principles here: to increase the share of defense costs borne by the Korean Government, to establish new categories for cost sharing, and to make more flexible the way we do business. We have a number of meetings scheduled between now and the fall when Secretary Cheney returns to Korea, and I think we have a good process underway.

Chairman NUNN. Do we have any goals that we have set, Mr. Ambassador, regarding offset with Korea or offset with Japan? Do we have any that we can talk about publicly or can you give us some idea generally speaking?

Ambassador HOLMES. Well, we do have some goals. In fact, we have suggested some figures to them. Since we are in the middle of a negotiation, I would prefer not to talk about those in an open hearing, but I would be happy to share those with you.

Chairman NUNN. Let me ask one other question to Secretary Wolfowitz. Talking about the Philippines, we know and we talk about and we are properly concerned about the effect of the bases in the Philippines on the United States military forces, our deployment in the region and our ability to meet our commitments in the region. We also from time to time focus on the economic benefits that our bases bring to the Philippines.

If you were explaining to a Philippine audience what U.S. military bases do for them, how would you go about explaining it? What is it that we are doing for the Philippines by having our forces there?

Mr. WOLFOWITZ. I think we do a number of things. But, what I think is most important at this critical juncture in Philippine history—by which I mean over the next 5 to 10 years in which they have to get their economy functioning, the country stable and moving forward—is the intangible benefit of confidence that our presence brings.

One of the most important tasks for the Philippine Government today is attracting foreign investment. I do not mean that foreign investors look around to see if there is a U.S. base there or not, but I do think they are going to take some signals from how responsibly these negotiations are conducted, and how the Philippine Government behaves, as to what their long-term attitude is. And I think one of the most reassuring messages that could be sent to people who are making those kinds of decisions is a sense that things are working, that there is stability, that the status quo is in order.

I mention that. It may sound a little unusual, but I think that is the single most important thing. Beyond that I think there is no question that our presence brings a wide range of economic benefits, some of them that are impossible to quantify, such as the skills that get transferred to a very large Philippine labor force. Those people are not going to be better off if we take the jobs to Guam or take them to Japan or take them to Singapore. They simply are not.

Finally, I think the Philippines benefit, as other countries in the region do also, from the overall regional stability that our presence provides. It is a little hard sometimes to persuade Filipinos of that because they do not feel an acute sense of external threat. But certainly history says that the Philippines will be threatened if the region becomes unstable. They suffered badly in the past, and I think they benefit greatly from the tranquility of the present.

Chairman NUNN. Thank you, Mr. Secretary. Senator Warner.

Senator WARNER. Thank you, Mr. Chairman.

Our forces provide that umbrella under which the flourishing economies of both Japan and Korea have grown to where now, we are involved in literally a trade war with Japan and to a lesser extent with South Korea. I honestly believe that you have devised a good plan, but I think the Congress is going to swing that pendulum a little further and a little faster than what you have devised in that plan. Now, why is it that South Korea cannot assume its lead role in the military, security of its own country, today rather than several years hence?

These are the responses that some of us are going to have to make on the floor of the Congress.

Mr. WOLFOWITZ. Senator, I hope Congress does not make the mistake of connecting trade problems with the security relationship. I think with both these countries, Japan and Korea, we are there not to do favors for them but to protect our own interests. And I think in both relationships we are better off, and the other country, our ally, is better off, because of that relationship. And it is not something that we give them as a reward for good behavior——

Senator WARNER. But you, in your opening statement outlined the statistics of the trade, the increasing trade of the United States with the Pacific Rim. Well, what are our interests? Trade is one of the primary ones. Humanitarian concerns, freedom and democracy, I agree with that. When you get back home in rural America, it is lost jobs? High prices?

Mr. WOLFOWITZ. I would say two things, Senator. First of all, messing up our security relationships is not going to do anything for jobs, it is not going to create any new jobs. It is going to sacrifice some existing jobs, the more than $200 million of defense exports that we send to Korea, the roughly, I think, $3 billion of defense exports to Japan are goods that they can buy elsewhere if we want to tear up our alliances.

There is another interest that is at stake, and that is American lives. We have lost too many American lives in wars in Asia in the past. You asked what would happen if we pushed Korea more rapidly into playing a leading role. We might get away with it, but we would be courting major trouble. We would be courting a much higher risk of war in Korea.

Senator WARNER. But what are the reasons that we would be courting major trouble and assuming higher risks? I happen to have had a very modest personal experience in being a part of the forces there in 1950, 1951, 1952, or specifically, 1951 and 1952. I remember then vividly that the South Korean soldier was considered the best among the United Nations fighting forces in terms of his discipline, of his fighting ability. That was 40 years ago. And I dare say that that tenacity is still in that individual today in the successive generations. Now, why is it that they cannot accept that lead today as opposed to 3 years hence?

Mr. WOLFOWITZ. Well, let us make sure that when people vote on these subjects, they understand that the South Koreans are providing roughly 600,000 troops to our 40,000. Those combat capabilities are right up there on the front line. But let us also remember that the war started 40 years ago because the North Koreans got the wrong signal from the United States.

Secretary Acheson made a speech in Mississippi in January, 1950, in which he essentially wrote South Korea out of our defense perimeter. And the North Koreans drew the wrong conclusions from that. If we act precipitously here, they could draw the wrong conclusions again and start a war, and we would then be involved, and our boys would be dying along with Koreans.

Senator WARNER. So, what you are telling me is, if we move any faster, we run the risk of starting a war? Is that your point?

Mr. WOLFOWITZ. I think we do run that risk and unnecessarily so. We are moving quite fast. A 10-percent reduction in a situation where the threat has not reduced at all is a significant reduction and a significant shifting of the burden. As I said, I think it would be a false and dangerous signal to move faster.

Senator WARNER. Let us move then to the Admiral and ask him about the assessment of the risk to South Korea, to our interests there, from North Korea.

Admiral PENDLEY. Well, I think, Senator, that the Under Secretary has done a good job in outlining the increase in risk that we think we would face there, if you look at force balance on the peninsula. Consider the effort that the South Korean Government is making, spending almost a third of its budget, basically on defense, and the remarkable progress that it has made in recent years, that balance is gradually shifting. But a key ingredient to the balance and a very important part of maintaining the lower risk is the deterrent presence of the American forces in Korea.

I think as we make the alterations that are proposed in this plan, basically, we keep that risk manageable. Time is on our side in Korea and the balance is shifting in the right direction. It is important, though, that we be cautious and prudent.

When you look at the force structure arrayed in the north, and at the type of actions the north has been willing to take, terrorist and otherwise in the past, you must re-examine the danger of miscalculation. So, I think that the investment, quite frankly, is very small in terms of our force structure there, as opposed to the heightened risk we might take, if we give any basis for a miscalculation on the part of a leadership which has shown such miscalculation historically.

Senator WARNER. Well, that leadership, as I understand it is in the process of transition. Is that not correct? Why do you not describe, to the extent you can here in open testimony, what is taking place?

Admiral PENDLEY. I think what is taking place insofar as we know is, that as Kim Il Sung grows older, he is turning over more and more of the active governing function to his son in an interesting transition for a communist state. There is not a lot known about that son, and what is known is not particularly comforting with regard to risk.

So, I think, once again that is a factor. Once we are beyond the transition, hopefully, things will improve, and hopefully, there will be progress in the south/north dialogue which can lead to a better situation in which we can move faster, if those events take place.

Senator WARNER. Has the threat increased or decreased in the last, say, 24 months?

Admiral PENDLEY. In the last 24 months, I would say, the threat has remained relatively the same. I do not see any significant increase or decrease in the threat so far as the peninsula is concerned.

Senator WARNER. Mr. Chairman, my time is up.

Senator WIRTH (presiding): Thank you Senator Warner. Senator Shelby.

Senator SHELBY. Mr. Secretary, let us focus on the basic costs of the Japanese and Korean defense perimeter. About how much money are we spending?

Let us just state for the record that we realize what we have done is working. We have been there since 1945, late 1944, in that area, and we have a strategic interest as well as a stabilizing influence, maybe a policeman's type of role.

What is the cost? I hear more and more from constituents that we are paying for the Japanese defense, yet they are the richest nation in the world. I know, and I concede again to you, that we need to be there. We have forward-deployed forces strategically there. We have had a good relationship with Japan and Korea. The bottom line is how much is it costing us? $100 billion? Less? More? What? Let us quantify and calculate it.

Mr. WOLFOWITZ. It is a hard thing to quantify. One way to quantify it is to take it as a percentage of our total forces. As I mentioned, forward-deployed in the entire Western Pacific we have only 6 percent of our forces, and of that total barely half of that is in Japan and Korea. We have 50,000 troops total in Japan, which represents 2.5 percent of our total military personnel. That is a pretty small fraction of our forces.

Also, they are not there simply to defend Japan. They are there because those are the most economic and efficient bases we could possibly find, and if we had to do the same job of defending ourselves from Hawaii instead of from Japan, it would cost us billions and billions.

For example, the benefit we get from homeporting a carrier up in Yokosuka allows us essentially to save the cost of two additional carriers. The only way we could have that kind of forward deployment up near the Soviet Union from back here would be maintaining three carriers and rotating them.

Senator SHELBY. I do not argue with the strategy. We are asked as Members of the Senate back home about the cost, as you well know, and we have to defend that. I understand our strategic interest there, and we should keep that going. We do have to justify the cost, especially dealing with countries like Japan and dealing with emerging economies such as South Korea.

Mr. WOLFOWITZ. We will look at whether there are some useful ways of quantifying. It is always hard to put dollar costs on forces that perform more than one role, but if you just took the cost of those 50,000 as a percentage of our total defense budget, you are talking about roughly $7 billion. The point that I would argue is, if we did not have them there we would be spending not $7 billion but probably more like $40 or $50 billion to have the same capability for ourselves a different way.

Senator SHELBY. My information is the cost of our forces in Europe and everything is more or less $100 to $150 billion.

Mr. WOLFOWITZ. That may be right. Different accounting rules give you different numbers.

Senator SHELBY. Sure, however you calculate it.

More and more, as I keep hammering here, the American people want to know why the Japanese are not paying more for their defense. In other words, what is the reimbursement rate for cost sharing? 35 percent? Was that your number, offset?

Mr. WOLFOWITZ. 30 to 40 percent.

Senator SHELBY. But with a nation that size from which we are borrowing money each day to finance our deficit here and owe a lot of money to since they are such a large creditor nation, it looks like it would be to their benefit and certainly to ours and the American taxpayers to get them in negotiations to pay more for their defense because ultimately, although we are getting a lot out of it strategically and it is our strategic purpose, the Japanese have benefited solely themselves for 45 years.

Mr. WOLFOWITZ. The Japanese are spending a lot. They have one of the largest defense budgets.

Senator SHELBY. They are spending more, but they are spending what percentage of their gross national product, Mr. Secretary?

Mr. WOLFOWITZ. They are spending roughly $30 billion compared to the $7 billion or so that I mentioned that we spend. That is a big number. It is 1 percent of their GNP, but that is a huge——

Senator SHELBY. What percent of our GNP are we spending, about 6 percent?

Mr. WOLFOWITZ. About 5.8, I believe.

Senator SHELBY. Okay, nearly 6 percent of our GNP we are spending on defense. The Japanese are spending about 1 percent, according to your statement here, on their defense, our own defense. Is that correct?

Mr. WOLFOWITZ. That is right, but the point is not to measure it in terms of percentages, but in terms of what they do, and the Japanese are doing everything——

Senator SHELBY. Why not measure in percentages, because most people do measure in percentages?

Mr. WOLFOWITZ. In fact, I think there is a widespread agreement that if Japan spent 5 percent of its GNP on defense, it would have the kind of defense establishment that they do not want to have, that we do not want to see them have, and that no one else in the region wants them to have.

Senator SHELBY. They have had a free lunch from us, but they are still at least getting a half a loaf or a half of a free lunch, are they not?

Mr. WOLFOWITZ. I do not believe it is a free lunch.

Senator SHELBY. Considering their wealth?

Mr. WOLFOWITZ. I think they are putting up a very large chunk of the defense burden. They are doing a lot of other things. They provide foreign assistance to a number of very important countries. I do not think the free-ride argument is the way to look at it.

They could argue the Americans are getting a free ride in these bases. Everywhere else in the world, we pay people to have bases. They have the best bases in the world, and they pay the Americans 40 percent of the cost of them. It is a mutual relationship in which both sides benefit, and I think the free lunch/free ride idea just does not apply.

Senator SHELBY. I think the administration needs to explain that to the American people further if you do not believe it is a free lunch. I believe the perception is it is a free ride.

Thank you. My time has expired.

Senator WIRTH. Thank you, Senator Shelby. Senator McCain.

Senator McCAIN. Thank you, Mr. Chairman.

Secretary Wolfowitz, in answer to the Philippines questions by the Chairman, you could also say our Air Force keeps Mrs. Aquino in power. Maybe you forgot that.

Let me run quickly through some questions since our time is limited here. Is it not time we do something about the U.N. Command structure in Korea? Clearly, there is no longer any viability to the current structure and it seems we should start making plans for dismantling that entire Edsel-like organization, and at the same time, make plans for an assumption of command by South Koreans of the military command in Korea. Do you disagree?

Mr. WOLFOWITZ. I think there are a lot of adjustments that can be made. I think we have to do it in a measured fashion, and that is how we plan to proceed. Admiral Pendley, who has been out there and who knows those arrangements in detail, may have something to add.

Admiral PENDLEY. Senator, just one comment on that. I think, yes, we should make some adjustments, and there are some adjustments in place and some are coming. I think one important aspect to remember about the United Nations Command is that the armistice that exists in Korea is based on the United Nations Command. That is going to be the most difficult part of the transition in command arrangements in Korea.

Senator MCCAIN. I am fully aware of that, but it does not necessarily follow that the armistice is violated if we do away with the so-called U.N. Command.

I am at issue, Admiral Pendley. I think you can make a case about Korea while you are talking. I think you can make a case that the threat from North Korea has increased, in response to Senator Warner's question, because of all the information we have about their attempts to acquire nuclear weapons.

Do you agree or disagree?

Admiral PENDLEY. I think in this forum the most I can say is basically, Senator, that if that is confirmed, then obviously the threat will have changed drastically.

Senator MCCAIN. Unclassified information in the media gives a lot of confirmation to it. Would you agree with that? Never mind.

Secretary Wolfowitz, and maybe Carl Ford can answer this. In the case of the Philippines—suppose we lose the Philippine bases. Where do we go?

Mr. WOLFOWITZ. There is no single place that would substitute.

Senator MCCAIN. Right.

Mr. WOLFOWITZ. We would hope to make progress, for example, in the discussions we are having with Singapore on increased use of their facilities. I think we may find, although it is hard to predict, that other places may substitute a bit. I think a lot of the burden would have to come on shifting back to the United States, and Guam is the location that is most thought about and most talked about.

Senator MCCAIN. Singapore?

Mr. WOLFOWITZ. I mentioned Singapore as a place where we are negotiating now about increased access to their facilities.

Senator MCCAIN. Fiji?

Mr. WOLFOWITZ. I do not believe so. Even in the case of Singapore, we are not talking about a place that can substitute for the Philippines, but some of the burden might shift.

Senator MCCAIN. Secretary Wolfowitz, Mr. Gorbachev is going to visit the Japanese, I believe, in the spring of 1991. Is that correct?

Mr. WOLFOWITZ. That is right.

Senator MCCAIN. Suppose Mr. Gorbachev—in his not unusual fashion—arrives and makes an offer that they return the northern territories provided the Japanese then agree to neutralizing those areas, making them militarily neutral.

What does that then do to our U.S.-Japan defense relationship?

Mr. WOLFOWITZ. Well, I think we would have to welcome such a possibility. Certainly, if the Soviets would return the Japanese territory that they have been holding since the end of World War II, it would count as a step forward in reduction of tensions.

What everyone is concerned about, and I think lies behind your question, is, "would this then lead the Japanese to say well, there is not any more problem with the Soviet Union? We do not need the Americans, we do not need to do anything for defense." I am sure there would be some Japanese who would say it, just as there are some Americans today who seem to think we do not need to worry about defense any longer.

But frankly, I think that the fact that the Soviet military establishment would be just as big the day after that happens as the day before, and essentially just as close. In fact, being up close to the Soviet Union tends to focus the mind a bit, and if the Soviets do pull out of Eastern Europe, as we hope they will, Japan, Norway and Turkey will be our only allies who will still have Soviet troops on their border, and I think that is going to basically focus their strategic concerns no matter how much progress is made in tension reduction.

Senator MCCAIN. Admiral Pendley, is it true that the Soviet Navy has dramatically withdrawn its operations to areas much closer to the Soviet Union and the Sea of Japan in the last year or so?

Admiral PENDLEY. Yes, that is true. It is operating closer to home.

Senator MCCAIN. Secretary Wolfowitz, in the exchange you just had with Senator Shelby—where he voices clearly the concerns that many, many Americans have—do you think it is appropriate to point out that the Japanese have made significant foreign aid contributions, including commitments in Eastern Europe?

They are now the largest foreign aid donor, and it is not in the United States interest to see further militarization of Japan, nor is it in the interests of the Japanese people. I think that is a part of the argument that you must include when you talk about the percent of GNP devoted to defense. They have a very fine defense establishment as it is. Further Japanese military build-up would be of great concern to their neighbors. Would you agree with——

Mr. WOLFOWITZ. You are absolutely right on both points, Senator. I think there is no question that because the Japanese are conscious of the fact that they spend a relatively small fraction of their GNP on defense, they have been remarkably receptive to urging to do more in the area of foreign assistance, and as you mentioned, most recently in Eastern Europe.

Prime Minister Kaifu visited there and took with him a package that if you put all the elements together totals up to, I think, $1.9 billion. He took some heat when he was back in Japan from some people who said, "Well, what interest does Japan have in Eastern

Europe?" And his response I think was to say, in effect, that "We are a country with global interests, we are in partnership with the United States, we have some responsibilities elsewhere, too."

Senator McCain. We should be urging the Japanese Government to not only do what they are doing in Europe, where it is my understanding some $23 billion is being provided by various countries, but also in Latin America, the Caribbean. We seem to be the only ones who are trying to help these fledgling democracies grow and help the established democracies maintain a free and democratic society.

A lot of our focus should be on their continued increase in economic assistance, and not so much on the traditional Japanese way, which occasionally led to simply acquiring domination over certain markets.

Thank you, Mr. Chairman.

Senator Wirth. Thank you very much, Senator McCain.

Secretary Wolfowitz, we are very pleased to have you here on this important issue.

I recently completed a rather extensive trip on behalf of the committee to Japan, Korea and the Soviet Union, talking about a lot of the issues that are up today, and I have completed a report on that which I entitled "Beyond Burdensharing." The reason I did that is that while the burdensharing issue is obviously very important and clearly has a lot of economic and political sizzle to it. It is also very important that we try to reach beyond the notion of burdensharing and this economic relationship to look a little bit more toward our security relations in the 21st century, and that is what I wanted to get you to talk a little about today.

We are, as you point out, a maritime power. I want to come back to how we define that and why we are so resistant to naval arms control.

I think that it is pretty clear that the United States is going to stay in the Pacific. We are very important to stability in the region, and I think the Soviets are happy to have us there, that we contribute a stability to their Pacific flank as well, and that that is probably viewed as an important kind of stabilizing influence.

However, we also have to understand that the world is changing and as I look at your report that we got this morning, I am struck by the fact that this echoes what we might have read 3 or 4 years ago about Europe—that we are as Mr. Romberg said in a recent "New York Times" piece "behind the curve." We are not, as we ought to be, ahead of the curve.

As the Soviet threat diminishes, and I think we are all seeing the Soviet threat diminishing around the world and in the Pacific, the question then becomes, what role do we want to play? Rather than saying, we are just going to play a role there, how do we exercise that role of joining with our allies and maintaining a stabilizing force.

For example, are we working with our allies there to develop some kind of a regional framework for political and military stability so that we in the United States are not the sole guarantor of everybody else's stability? Are there efforts going on where we are looking at some kind of a different framework than the one that we have had in the 1970s and 1980s? Maybe that is a way of starting.

There is going to be a stabilizing role there. We know that that is necessary. Just about everybody agrees that that is important. Are we now beginning diplomatic and other initiatives to develop a different framework or a broadened set of relationships with others that provide this kind of stability and security?

Mr. WOLFOWITZ. Senator, I think you have asked a terribly important and correct question about the larger picture and the longer term. I think in answering it you have to recognize the name of the game in the Pacific is economics. Today, we are talking about security, and security is important. In fact, without a solid security underpinning and the kind of stability and peace that it has brought, we would not see this sort of economic progress.

But I do not think we should be under any illusions that ten years from now, the U.S. role is going to be determined by our military posture. It is going to be determined most of all, I think, by our economic competitiveness and by the kinds of trading and economic relationships we have out there, and we are trying to break some new ground in that area.

I have forgotten the acronym, but there is a new organization we have participated in with the Australians and others in forming for Pacific economic cooperation, to try to provide a better framework for coordination on those issues.

Now, I think what you have in mind also is, is there some way of putting the security relationship on a more multilateral basis, on a more collective basis?

Senator WIRTH. Is there a common Asian house? Gorbachev was talking about a common European home. Is there a common Asian house? Maybe not a home, but——

Mr. WOLFOWITZ. I think the diversity in Asia is so enormous, and the depth of animosities in Asia so deep, that we are just a very long way from that. It is something to keep working at, but even between our two closest allies—the Japanese and Koreans—there is such historical hangovers, one could say, that even they have difficulties working together.

When you look at the problems, for example, between China, which is going to be the major factor in Asia in the next century, and its neighbors you can see the difficulty. I think it is a worthwhile goal, and I think we ought to look at moving things in that kind of common direction. And I think you can see a certain trend not only toward more open economies, but in spite of setbacks like the one in China, I think you can even see a trend toward greater political openness and more democracy, and I think those trends can converge. But it is just a long way from what we have in Europe.

Senator WIRTH. Well then, if it is a very complicated world, and it is, with very significant differences which do exist, and an economic base that is imperative, including burdensharing and beyond burdensharing, then one would think, given those complexities, we ought to be taking a number of steps, trying things out and so on. I would think that we might be looking at our experiences in Europe, for example, beginning with confidence-building measures.

Are we embarked upon efforts toward various kinds of military transparency to perhaps lower the level of threat, which presumably then lowers the need for expenditure, which presumably makes our economic base a little sounder? What kind of initiatives are going on in the area, say, of transparency?

Mr. WOLFOWITZ. Well, certainly that is the main thing that we are pushing in Korea, which is, I would say, the single most dangerous point of potential confrontation anywhere in Asia. That has been the main theme of what we and the South Koreans have been pushing with North Korea.

Unfortunately, we are dealing with probably the most unreconstructed, isolated Marxist society anywhere in the world, so we have not made much progress yet. But I think it is the right thing to have on the agenda and I believe as changes come in Europe it is going to come in North Korea, and hopefully when that change happens some of these proposals will be taken more seriously. We have been pushing them hard there.

We are working hard in a different way and very cooperatively in Cambodia to try to find a peaceful political solution to that agonizing problem. In that effort, we have had extraordinary cooperation with the Association of Southeast Asian Nations, which is one of the most successful regional cooperative organizations in the world. We have now enlisted the help of the five permanent Security Council members and gotten more from them, actually, than I think people believed we could do when we started in that process. So that is another example of trying to——

Senator WIRTH. I understand the role that we are playing there. Let me go back to Northeast Asia for a minute and we will come around to a second round, but in the area of transparency, for example what kind of "transparency" do we promote between the United States and the Soviet Union? Are we doing anything on that ground? If not, why not?

Mr. WOLFOWITZ. It is something that we can consider where it is helpful.

Senator WIRTH. We ought to be. The point is, I think, Mr. Wolfowitz, that we ought to be doing that. This looks again like where we were in Europe 3 or 4 years ago.

I remember talking to General Galvin, and I said, are you talking with your Soviet counterparts? He said no, I am not allowed to. We are not doing that. He said, I would like to know what worries them, and I would like to let them know what worries me. When I was out there, our naval commanders are not doing this.

Just to give you an example, at the end of your testimony, at the end of your report you talk about various steps that you are taking. On page 25 you say, "We and our allies have taken actions such as the invitation to Team Spirit." We did not invite the Soviets to that. I asked the Soviets very specifically. The United States did not invite the Soviets to that.

Mr. WOLFOWITZ. Senator, we are not going to invite the Soviets to observe an exercise in a country they refuse to recognize and refuse to have diplomatic relations with. We have—for example we are talking with them about precisely that—we invited the North Koreans as part of a confidence-building——

Senator WIRTH. Do the North Koreans recognize South Korea?

Mr. WOLFOWITZ. No, but it is a somewhat different situation than asking the Soviets into a country where they will not even come. We are talking about exchanges——

Senator WIRTH. The Soviets are dealing with the South Koreans in Moscow extensively, you know. At the same time as this was going on, when we refused to invite the Soviets to come, the Soviets are dealing extensively with the South Koreans in Moscow in all kinds of economic relationships, including the Olympics.

It just seems to me that it is a bit myopic of us to say that we should not have this kind of discussion, when in fact they are asking that this occur. The Soviets asked us——

Mr. WOLFOWITZ. We are talking to them about things like ship visits, for example, where we would exchange visits between the United States and some Soviet Pacific ports, and have exactly the kind of contact between military leaders that we talked about——

Senator WIRTH. The Soviets invited us to go and observe naval exercises and we refused to go. Is that not true?

Mr. WOLFOWITZ. There was a reluctance by not only ourselves but on the part of our allies to be involved.

Senator WIRTH. The point is made, but there is an enormous reluctance there, and it seems to me this is not dissimilar from the kind of frozen position that the United States had 3 or 4 years ago looking at a Europe that was about to change very dramatically.

Granted, these are very different theaters. I understand that. They are very different worlds. The politics are different, the economics are different. The only thing that seems to be the same is that the United States was very rigid in Europe 3 or 4 years ago, and it appears to me, in talking to people out there from my experience there, we are being very rigid all over again.

I would think that it would be incumbent upon us to be working at something just as simple as "transparency," asking them to come and observe, we go there to observe, and getting people to be working on this sort of thing together. That would be the simplest kind of thing to do. We will get back to naval arms control in a little while, which gets more complicated.

Mr. FORD. Senator Wirth, could I just add a point? I know that you recognize this, but I think one of the key points to remember is—it is not that there is a reluctance on the part of the Defense Department or the executive branch to consider all of these ideas that you have presented in your report and that we have talked about, others have talked about.

I think the most difficult thing for us is that in NATO, where most of these ideas first were developed and worked to our advantage, there is one thing that is very clear, and that is that wherever you are, in any capital in NATO, they all agree on one thing. That is, the threat—the Soviet Union and the Warsaw Pact.

So that you do not have Germany saying well, the biggest threat is East Germany, and somebody else saying no, it is Poland, and somebody saying, oh, no, it is France, oh, no, it is Italy—I mean, at least in Europe you have a common threat in which you can negotiate with the Soviets. Everybody agrees.

In East Asia the political military situation, as you understand, is more complex. Are we talking about this with the Soviets and the Japanese and the United States, or the Koreans, the Japanese and the Chinese and the Indians? It is a very much more difficult sort of thing trying to decide who the enemy is, because each country has its own national interests, its own threat perceptions and its own ideas about this. We are only one player.

Senator WIRTH. I understand that, Mr. Ford, but I also understand that I think we are locked in in a way that is very unfortunate, and I think we are missing some very significant opportunities. I think that is also the case in South Korea. If you read your report, it is very different from, say, the recommendations that Mr. McCain and I made to Secretary Cheney that if we are going to withdraw troops from South Korea, we should use that as leverage with the South Koreans to encourage other openings.

The South Korean Government has said that they would like to do that. Maybe that is happening, but it does not show up in sort of second phase in this set of discussions——

Mr. FORD. But I think what you said——

Senator WIRTH. But there is a tremendous set of opportunities here.

Mr. FORD. It is that the South Koreans are quite willing to have a dialogue with the North Koreans. We are quite willing to encourage that development. The country that seems to be most reluctant to take seriously any of our confidence-building actions or thoughts or words are the North Koreans.

Senator WIRTH. But let us look at the record just a little bit there. You know, on Team Spirit, when we reduced the size of Team Spirit the South Koreans said very clearly we are reducing the size of Team Spirit and we would like to use that as a way of opening further discussions with the North Koreans.

The North Korean response to Team Spirit was not as virulent before as it had been in previous years. Now clearly, that is a small opening. There is a small window of light, but we ought to be, it seems to me, building on that sort of thing and not ignoring it.

I will just say, Mr. Ford, that you and I have talked about this and I am not knocking you individually by any means. It just seems to me that we have a kind of rigidity of U.S. policy and the U.S. military in the Pacific that is missing opportunities for us, that as we go just to the simple kinds of things like "transparency," of asking the Soviets to become involved, going and accepting their kinds of invitations, doing just the basic items that we learned about over the last few years in Europe, we learned that they worked, and yet we appear to be very unwilling to even think of doing those in the Pacific.

Granted it is complicated, granted that there are many different kinds of challenges, but certainly on some of these basic relationships of United States-Korea-North Korea, or United States-Japan-Soviet Union, we can figure out ways of doing that.

My time has long expired, and Senator Levin, thank you very much. I will come back to some naval arms control issues.

Senator LEVIN. Thank you, sir.

Senator LEVIN. Mr. Ambassador, first, can you tell us when we are going to be transferring control of the South Korean forces to a Korean general? When is that going to happen?

Some of us have been pressing for that for a long time. It is a unique situation where we are commanding Korean forces. It has allowed them to duck some responsibility, I believe, in terms of financial responsibility and burdensharing.

But, putting aside the implications of our continuing to command South Korean forces, can you tell me when it is we are going to turn over control to a Korean general?

Mr. WOLFOWITZ. Carl, do you want to talk about the plan there?

Mr. FORD. Senator, one of the major features of our approach is to begin to move the Koreans into a more leading role. And when we say that, we are really talking about these command and control relationships which have——

Senator LEVIN. Can we just get to the end of the line. When will they be in charge of their own forces? What month, year, decade?

Mr. FORD. Senator Levin, the South Korean military is under the control of the South Korean President and Commander in Chief. They are not under U.S. control.

In wartime we would operate a combined force in Korea that would include both Korean and U.S. forces in that combined command. As part of our security arrangement with the South Koreans, we have an American general who is in charge of the combined forces command, General Menetrey, as you know.

Senator LEVIN. I understand. And when is that going to change so it is a Korean general who is going to be in charge of those Korean forces? There is a process in place, is there not, for that change?

Mr. FORD. There is a process within the combined forces command to make the combined forces ground component commander a Korean four star general.

Senator LEVIN. When is that going to happen?

Mr. FORD. We are hoping to have that occur in Phase I, and that it would be somewhere probably toward 1992–1993.

We have talked to the South Korean military about this. Secretary Cheney talked to the government officials in Korea. We have an agreement in principle that this is a reasonable idea and that we are now working out the details with General Menetrey, Ambassador Gregg and the South Koreans.

Senator LEVIN. I think that agreement in principle has existed for some time. Is it part of Phase I?

Mr. FORD. It is listed in our report as part of Phase I. We are now discussing the details of the implementation.

Senator LEVIN. So, when you say you are hoping to have it happen in Phase I, it is part of the Phase I plan that it be transferred to a Korean general?

Mr. FORD. This is part of the U.S. plan but, like all things, this is a diplomatic issue as well as a military. We have to have agreement from the South Korean Government on the details of how that would be implemented, yes, sir.

Senator LEVIN. So, in other words, our Phase I has not been agreed to by the Koreans and is subject to their agreement?

Mr. FORD. Well, we have talked to them in——

Senator LEVIN. Is Phase I subject to Korean agreement?

Mr. FORD. Most of the things that we can do in Phase I can be done by the United States without having the South Koreans or the Japanese or the Filipinos do anything in return.

There are a number of command and control relationships that we think need to be modernized and changed in South Korea, of course, and we are asking them to take a leading role. They have said in principle in public for the first time on Secretary Cheney's trip that they were prepared to take on a leading role. Minister of Defense Li. So that——

Senator LEVIN. They specifically have not agreed to that change in command?

Mr. FORD. We have to work out the details. It is more—there is no one general we can point to at this point who would be the ideal choice or the ideal bureaucratic mechanism to put this into effect. We are going to have a Korean general who will be in charge of the ground component command structure within Phase I, but we do not have the details yet worked out.

Senator LEVIN. But you are satisfied it is going to occur within Phase I?

Mr. FORD. Yes, sir, I am satisfied.

Senator LEVIN. Is the resistance on their part or on our part? Why is it going to take us 2 more years to make that change? It is so obvious. It has been talked about for years. Why should it take 2 or 3 more years?

Mr. FORD. I think that there has always been a view in Korea that the presence of the American forces and American leaders in prominent positions was an essential element of the deterrence of a North Korean attack so that they have often been very concerned at the signal it might send if there were Americans taken out of command structures and replaced by South Koreans.

But things have changed over the last few years. We believe that they now think that it is possible to do this safely. It is good for South Korea. It is certainly good for the United States, and we intend to move forward on this.

Senator LEVIN. I would like to just ask you about the F/A-18 fighter deal with Korea, Ambassador. There apparently is going to be a co-production arrangement with McDonnell Douglas. Are you familiar with that?

Mr. WOLFOWITZ. Yes.

Senator LEVIN. To co-produce the F/A-18. Some people call that deal the son of FSX, and I am wondering whether or not this deal will allow South Korea to enter the aerospace industry.

Mr. WOLFOWITZ. I think it is very different from FSX and particularly with respect to what I think is the heart of your question. It is not something that involves technology transfer or the development of new technology. It is basically a co-assembly, co-production arrangement.

I would say it is also different in the way we arrived at it. I think maybe one of the mistakes we made in FSX was leaving the Department of Commerce out of it. With the Korean fighter program, we have had them involved from the beginning in the negotiations, and I think they would say, as I do, that we have here an arrangement that protects American economic interests as well as our security interests.

Senator LEVIN. Let us talk about that. Are there going to be modifications to the F/A-18 design for that co-production?

Mr. FORD. No, there are not, sir.

Senator LEVIN. Why do they not just buy our F/A-18?

Mr. FORD. They are going to buy 12 off the shelf.

Senator LEVIN. Why co-produce them? Why not have them just buy them? We buy items from Korea. They have free access to our markets. There is a trade imbalance. Why do they not just buy our F/A-18s?

Mr. FORD. They were asked that by both Secretary of Defense Cheney, and Secretary of Commerce Mosbacher on several occasions. The arrangement that was worked out with the Koreans instead was a co-production arrangement——

Senator LEVIN. I know that, but——

Mr. FORD. ——with 12——

Senator LEVIN. ——when they are asked, why do you not just buy them, you have got a trade imbalance, you are selling more goods here than you are buying from us, you are not going to change the design, why do you not just buy our planes, what is their answer?

Mr. FORD. Their answer is basically the same as ours if we were told that we had to buy French or British or Russian aircraft.

Senator LEVIN. They are not told they have to. We do not have big trade imbalances with those countries.

Mr. FORD. Well, we do not have a particularly big trade imbalance with the Koreans either.

Senator LEVIN. What is it?

Mr. FORD. Right now it is virtually an even trade balance.

Senator LEVIN. There is no trade imbalance?

Mr. FORD. In the past there has been.

For example, Korea was not one of those which was mentioned in the 301 actions last year.

Senator LEVIN. No, I understand that. You are saying that you do not believe that it is appropriate for Korea just to buy our planes, that we should not be pressing them to do it?

Mr. FORD. No, I think it would be appropriate if we could arrange through negotiations for them to buy all of these off the shelf. Unfortunately for us, they are a sovereign country with other options than the United States and, in fact, we believe that this is in the United States' interest to sell an aircraft that is by an American contractor that includes at least 12 off-the-shelf and 36 kits that are all produced in the United States.

Senator LEVIN. Well, let me just be as blunt as I can. We have got, what, 43,000 troops in Korea? We have spent a hell of a lot of money defending Korea. There is a lot of reluctance on the part of the administration to change command relationships and withdraw troops. Finally you are going to withdraw a few troops in Phase I over 3 years.

We have a tremendous amount of money that we are spending in Korea. They want us to stay there, and they will not buy our planes.

Mr. FORD. $6 billion worth of commercial sales from Korea is not insignificant.

Senator LEVIN. Well, their sales——

Mr. FORD. They do buy a lot of American products.

Senator LEVIN. We buy more of theirs, and we have 43,000 troops there. I find it a very weak policy——

Mr. FORD. Senator, we do not have to buy their products. I mean, it is a choice of the American people to buy their cars, their televisions and their clothes.

Senator LEVIN. And they have a chance to buy our products. The Korean Government has a choice to buy our products or not, and instead they insist upon co-production instead of buying off the shelf.

All I am saying is that it is an imbalance, and I find it unacceptable that we spend I do not know how many billions a year in our troops being there. They are so worried about any change in command, that it might weaken their security. We are helping them, and it is okay with me because I think we have a security interest, too. But we are helping them tremendously at our expense, the defense of South Korea, but they will not buy our F-18s. They have got a choice. They could do that, but they will not.

Mr. FORD. Senator Levin, they did buy our F-18s.

Senator LEVIN. No. They want to co-produce them now. I know that they have. I am saying now they insist on co-producing them. And I find it unacceptable. My time is up. Senator Warner.

Senator WARNER. I get your point, Senator. I want to return to the question of South Korea again. I want to just amend the record a little bit. When I said the South Korean soldiers in the Korean War were the best, I meant they were among the best. I was privileged to serve alongside many other fine troops from other countries. But there was no second-class rating given to those troops in the ROK forces. They were among the best.

And I still come back to the questions of Senator Levin when he said it will take probably a year or two to make this change in command. With the disparity in numbers, 680,000 vice 40,000, 41,000, or 42,000, for U.S. forces, it seems to me, that, in itself, dictates the earliest possible shift of that change in command.

But when it does take place, will that be a diminution in perhaps the principal security we are providing, and that is our deterrence? In other words, the deterrence of North Korean aggression. And part of that deterrence is predicated on the symbolism or actuality of the military commander in the time of war. How will North Korea interpret this change of command structure that takes place in the next 2 or 3 years, Secretary Wolfowitz?

Mr. WOLFOWITZ. I think the ground is well enough prepared. This is one of the things we have been discussing with the South Koreans. But we think there is no danger of having that misinterpreted. We think it is a sort of natural outgrowth of the magnitude of the South Korean ground combat role, which is apparent already. Obviously that has been one of the reasons why it has taken us this long to get where we are. But I think we are at the right time to do it.

Senator WARNER. Well, I agree with that.

Also, I would like to observe that in the area of burdensharing, Ambassador Holmes, I think from time to time you should focus on the fact that maintaining our forces both in Japan and South Korea, dollar-wise, to the American taxpayer is less expensive than bringing them back home and maintaining them here. Is that not correct?

Ambassador **Holmes**. I think I will ask a colleague from the Defense Department to answer that.

Senator **Warner**. All right.

Admiral **Pendley**. Senator, that is correct. In other words, given the support that we get from the allies, effectively, it would be more expensive to support those forces at home than it is abroad.

Senator **Warner**. Currently, Admiral, one carrier is homeported in Japan, the U.S.S. *Midway,* which will be retired. And the Navy has announced that the *Independence* is the designated replacement for *Midway*. What will be the role of that carrier homeported in Japan?

Admiral **Pendley**. Well, Senator, I think, as the committee is aware, the role of that carrier forward-based in Japan, given the distances that we have to deal with in the Asia/Pacific area, will range throughout that area into the Indian Ocean and in the western Pacific. And it is a tremendous force multiplier for us because, given, as I said, the distances we deal with, it makes a big difference having that carrier forward-deployed.

Senator **Warner**. Well, I certainly concur in that. As a matter of fact, that decision to homeport it there was made during the period when I was privileged to serve over in the Department of the Navy.

Secretary Wolfowitz, I want to turn to a pretty tough question, but you gave me the opening to ask it. And I think it is time that we put on the public record a little amplification of your statement. It was in the colloquy that you had with my distinguished colleague from Alabama. I agree with your point that 1 percent of the Japanese GNP, while it is less than 6 percent of ours, it extrapolates into a sum that is very significant. As a matter of fact, it is the third largest military budget in the world, am I not correct, that 1 percent of their GNP?

Mr. **Wolfowitz**. Senator, if you include their costs for their veterans, then it is. And if you exclude it, I think, it is about the fifth.

Senator **Warner**. Well, that is an interesting point. Technically, I had not known that. But, then, you followed up with the observation, and correct me if I am about to misstate your comment, it is not in the security interest of the United States that Japan increase the size of its armed forces. Now you made some statement to that effect. Do you want to repeat it?

Mr. **Wolfowitz**. As I said, it is not in the interests of the United States or Japan or our other friends in Asia to see Japan take care of its defense entirely, or to spend 5 percent of its GNP on defense.

Senator **Warner**. Well, let us put that on the record. Why is that the case? I mean here is a nation that pulled itself up by its bootstraps after World War II. It is now dominant in terms of the banks worldwide. It is buying substantial properties in the United States. It has a significant trade balance with the United States, an imbalance from our perspective, but nevertheless, a positive balance from their perspective.

Let us tell the American people and the rest of the people who have an interest in this, why is it not in our interest?

Mr. **Wolfowitz**. And let me keep saying, it is not only not in our interests, it is not in Japan's interest.

Senator **Warner**. I understand that.

Mr. WOLFOWITZ. The Japanese have specifically and voluntarily put some restrictions on their own military capabilities.

Senator WARNER. We have the constitution which we drafted and more or less had adopted at the completion of the war——

Mr. WOLFOWITZ. Well, by now, it is theirs. And the two basic things are, first of all, the non-nuclear principles; and second, that Japan——

Senator WARNER. Well, let us stop right there and amplify the nuclear principles.

Mr. WOLFOWITZ. That Japan will not build or station or transfer nuclear weapons. And that they adhere to the nuclear non-proliferation treaty. The U.S./Japan security relationship includes the idea that Japan relies for its deterrence against nuclear attack on its relationship with the United States, and does not provide for its own nuclear deterrent.

Obviously, it is not because they could not figure out how to build nuclear weapons. It is obviously not because they could not afford to build nuclear weapons. They would probably build the best nuclear weapons in the world if they went in that direction. But the point is, they understand that it is not good for their security or for the security of the Pacific or the world for them to go down that road. And they rely on us to provide that essential ingredient.

And the other essential ingredient is those defense capabilities that are essential but go beyond the immediate defense of Japan. Japan does not have an army. They call it a ground self-defense force. Their military is limited to the self-defense mission. And we have agreed with the Japanese that they will have the responsibility for the defense of their territory and their air space and for the escort of ships out to 1,000 miles from Japan.

But when it comes to things, for example, like security in the vital choke points between Japan and the Indian Ocean, in which the whole world has an interest—we have an interest, the Japanese have an interest, lots of other countries have an interest—no one wants to see Japanese aircraft carriers down in Southeast Asia or in the Indian Ocean.

Senator WARNER. Now you are getting to the point. You have restated all the facts. Why not? Is it that we and the rest of the nations in the world do not trust the Japanese, their ability to command and control military forces beyond those needed for their own internal defense?

Mr. WOLFOWITZ. As I said in my testimony, I think we perform a role that no one else can perform. I think we are trusted, and I do not mean this in a bragging or arrogant way, but I think the United States is trusted in a way that no one else in that part of the world is trusted.

Certainly the Soviets are not, the Chinese are not, and given history, the Japanese are not. Nor is—I could go on with a much longer list. It is not so much to say that particular people are distrusted as that we have a record which I think is a unique one, and one that allows us to provide that kind of security, and have everyone feel that their interests will be protected.

Senator WARNER. Well, the American taxpayer, then, and let us put it right on the table, is paying an added dollar value because the United States can fill a role in that region that no other nation can. Is that correct?

Mr. WOLFOWITZ. No, Senator, I know it sounds that way, but the fact is that if other countries started doing that kind of patrolling themselves, we would probably want to put more forces in to protect our own interests. We have an interest in those sea lanes. We want to see them secure. As long as we secure them, a lot of other countries are willing to say, okay, we trust the United States. But, frankly, I think we ourselves would not trust that job in other people's hands.

Senator WARNER. All right. Like other Members of Congress, when I go back home, and also on the floor of the Senate, I basically want to defend this report that you have sent up. And I think my record is clear, in 12 years around here, in trying to support presidents of both parties in their defense programs, but I need to know some answers from you to assist me in that presentation.

Are we playing a role of big brother out there in that Pacific region that no other nation can provide? And the American taxpayer better understand that they are going to pay that cost now? And perhaps there is no direct return to them for it other than peace and stability, which is the mission of this country?

Mr. WOLFOWITZ. We are protecting things that are a vital interest to us. Those sea lanes are a vital interest to the United States.

Senator WARNER. Who is going to take those sea lanes away? What naval force is capable of taking those sea lanes away today?

Mr. WOLFOWITZ. Against our opposition, nobody. But if we were not there, certainly, the Soviets, probably the Chinese and, in fact, if you go down low enough a lot of small countries could do it. It is because we are there that nobody even thinks of trying.

And that is the kind of situation we want to preserve, one in which people do not even think about a threat to the sea lanes, because they simply assume—I think correctly—the United States would not permit it to happen.

If we were to say, okay, we are going to get out of this business, we will let somebody else take care of it; we do not care who—if the Japanese want to, fine, if the Russians want to, fine, if the Chinese want to, fine—I just predict that at some point, we will discover that does not work so well, and that there will be trouble, and that American ships will start being sunk. And then we will send troops back, and we will have to send more than we have over there now.

Senator WARNER. My time is up. But there was a clear example of that in the Persian Gulf. There we did step up, with assistance from other nations to some limited extent, to preserve the integrity of the Strait of Hormuz and one of the principle choke points of the sea lanes of the world. And it was not only for our economic benefit but for much of the world who benefited because of the key sources of energy in that area.

I think it is important that we frankly admit that we are there to provide peace and stability. And that if we were to pull out, that vacuum could well be filled by others and in a manner detrimental to our security interests. Therefore, we the American people are going to have to pay a price in our tax dollars for that benefit.

Do you disagree with that?

Mr. WOLFOWITZ. I agree with that. I would only add that if we do not do it, we will end up paying a bigger price. And it will not only be taxes, it will also be dead American service people.

Senator WARNER. That is a whole new avenue that I do not think I will take up now. But I am concerned as to whether or not there is a disposition in this country to get involved in a prolonged war with any Asian nation, given our experiences in Korea and in Vietnam. But I will save that for another day.

Thank you, Mr. Chairman. And I thank the panel for its hard work on this. It is a good, constructive report.

Senator WIRTH. Thank you very much, Senator Warner.

What, Mr. Wolfowitz, can you tell us about the current North Korean intentions as far as we understand them related to the development of nuclear weapons?

Mr. WOLFOWITZ. It is very hard to know about intentions. What we know is, what they are doing. What they are doing is developing a nuclear program that includes among other things reprocessing capability. There is absolutely no reason whatsoever why a country, any small country, needs reprocessing as part of a nuclear program.

And, moreover, we have encountered enormous North Korean resistance to accepting safeguards, and international inspection of their facilities, which is something that they are actually obliged to accept under the Non-Proliferation Treaty, which they rather belatedly became a signatory to.

So that is what they are doing and given their track record, given that this is a country that makes a practice of blowing up foreign leaders in foreign countries and planting bombs on civilian airliners, I think, one has to assume the worst in terms of intentions.

Senator WIRTH. If you assume the worst and follow current trends, how far are the North Koreans from having a nuclear capability?

Mr. WOLFOWITZ. I think still some considerable distance. It is not something that is going to happen tomorrow.

Senator WIRTH. How much is a considerable distance?

Mr. WOLFOWITZ. If I could I would like to give you a classified answer on that. It is not going to be enormously precise, because we are guessing. We could give you an intelligence estimate.

Senator WIRTH. What is the popular press saying about how far they are away from this, so we do not have to get into a classified briefing?

Mr. WOLFOWITZ. I am not sure, Senator.

Senator WIRTH. Do you have any sense of that, Ambassador Holmes?

Ambassador HOLMES. I do not, Senator. From what I have seen the speculation is all over the lot.

Senator WIRTH. Are we 2 years, 5 years, 10 years? Mr. Ford?

Mr. FORD. Well, the press does not have access to North Korea as we do not. So that I think that even press accounts are just speculation. We can provide you with the best information that we have from our intelligence sources in the classified session.

Senator WIRTH. What can you say publicly about this? I mean, it seems to me this goes right to the heart of security relationships in the Northeast Pacific. Right? Right to the heart of it. If the North Koreans develop a nuclear weapon, all bets are off.

That has incredible implications in the south. That changes the nature of Japan's view of what is going on there, and Japan's view itself of what the nuclear situation ought to be within Japan. Does it not? I mean, this is extraordinarily important.

Mr. FORD. We accept the importance, Senator. We agree with you, and we are as concerned as you are. It does not change the problem that to talk about it in open session is very difficult. We would be prepared to talk as long and as detailed as you would like to talk about the issue in a closed session or in a private briefing.

Mr. WOLFOWITZ. Senator, maybe it would be helpful to clarify that when we say it is something that is not imminent, something that is longer term, I think what we are saying is, it is not too late for preventive measures and for some reassurance to be established.

So that if they want to stop, and make it clear that they have stopped, there is plenty of time to send the right kind of signals. They are not close to the situation where they are one step away from the bomb.

Senator WIRTH. I think that is very helpful and important. But you should understand how extremely crucial this particular situation is, and that we should be making all efforts to, say, move North Korea into membership within the brotherhood of nations, if there is such a thing, in the Pacific area or elsewhere.

And we know that this is a country that is intensely isolated like nobody else anymore. So we ought to be making every effort given the importance of this and other issues. We ought to be making every effort we possibly can to bring the North Koreans into greater discussion and into greater involvement.

You all would agree with that? Right?

Mr. WOLFOWITZ. Absolutely.

Senator WIRTH. Now, that gets us back to where we were before. Is there a linkage between the withdrawal of U.S. troops on the Korean peninsula and the attitudes of and behaviors of the North Koreans?

Should we be discussing with them the linkage? Is there a possibility of discussing with them the tying of the withdrawal of U.S. troops to changes in behavior in North Korea? Is that a connection that ought to be made?

Mr. WOLFOWITZ. Senator, I think, if there were the kind of change in behavior in North Korea that we want to see, U.S. troops would not be an issue any longer. If the sort of change of behavior that we want to see were to occur, then I think, we could move toward much lower levels of forces on both sides.

And it might even turn out that our presence would start to be looked at—just as it is beginning to be looked at, I think, by the Soviets in Western Europe—as a kind of stabilizing presence. I think what is required——

Senator WIRTH. Should we be saying that? Should we be saying that very directly to the North Koreans or very directly in your document that the next level we are going to withdraw 7,000 troops in the Korean peninsula, right? That we have made that decision, and that is public. Is not that correct?

Mr. **Wolfowitz**. Correct.

Senator **Wirth**. Should we be as part of a negotiation or starting to suggest that a second phase of withdrawals is really tied to, or tied in part, or tied in whole to the behavior of the North Koreans?

Admiral **Pendley**. May I comment on that?

Senator **Wirth**. Please.

Admiral **Pendley**. Well, Senator, that is in there in the context of the statement which indicates that at the end of Phase I, we intend to review very carefully the situation on the peninsula with the objective of seeing what can be accomplished in Phase II.

And a critical part of that obviously will be relooking at the threat. I think everyone is hopeful that North Korea will start to react to positive things done by both South Korea and the United States.

Senator **Wirth**. What is wrong with saying directly, Admiral, rather than reviewing? I mean, we all review on a steady basis. What is wrong with saying directly that our interests are very closely tied to the development or the non-development of nuclear capability in the north chained to other kinds of behaviors in the north? And that what we do in significant part is going to depend upon what they do?

Admiral **Pendley**. Senator, I think it is unfair to say that we do not say that. We say that constantly.

Senator **Wirth**. That directly is not here. Maybe it was meant to be here, but it is not in this, I do not believe.

In any case, go ahead. We may not be interpreting the words in the same way, but it seems to me that if in fact we are looking at this great pressure for the reduction of American troops on the Korean Peninsula, we have economic problems which Senator Shelby spoke about, we have a perception of the reality of the South Korean economic strength which Secretary Wolfowitz spoke about and Senators Levin and Warner were asking about. So we have this pressure that is on that says there are going to be greater withdrawals.

Now it seems to me that that may be from some people's perspective the sow's ear. What we want to do is to try to use this, some of which is going to happen anyway, as a kind of leverage to say we are going to be more likely to do this if the following kinds of things happen.

Now the South Korean authorities have also, as I understand it, indicated that from their perspective this is not such a bad idea either. Minister Hyun Hong Choo has suggested that maybe there is the ability to use this as leverage.

Certainly, listening to North Korean propaganda, they think that the presence of U.S. troops there is enormously provocative, and that is one of the reasons they are doing what they are doing.

So if I look at this in a different way to try to understand what is going on here, it seems to me we may be well advised—and I do not know if we can wait further on this—to think of using the leverage of the sow's ear in a way. Some of these things are going to happen and change. Why not have those discussions or put those pressures right out front?

Admiral **Pendley**. My only comment, Senator, would be that in dealing with the North Koreans on a host of issues much smaller than this and in looking at dialogues that we have had with the North Koreans, I think we have been sending the message now for quite some time that we would like to see adjustments there, adjustments which would facilitate changes in our presence, et cetera, but we have not met with any sort of receptive action by the North Koreans, and that is true in confidence building measures and across the whole spectrum.

The only thing that the North Koreans constantly repeat is the total withdrawal of U.S. forces, and that is the price they tend to put on the table. So I think though all of us would wish to see the kind of progress you are talking about, unfortunately it takes both parties, and in this case it takes more than both parties, to make that kind of progress, and there has been no willingness and no movement that I can discern on the side of the North Koreans, unfortunately. I think we would like to see that.

Senator WIRTH. What are the Soviet intentions in this area, Mr. Secretary? What are the Soviets' long-range plans in Northeast Asia?

Mr. WOLFOWITZ. Are you talking about Northeast Asia generally or Korea specifically?

Senator WIRTH. Northeast Asia generally and then related specifically to Korea. Then we will get back to this question.

Mr. WOLFOWITZ. I think the Soviets around 1985, partly coincidental with Gorbachev's accession to power, began to notice that they were out of the main game in the Pacific. The main game was economics, and it was exciting, and it was important, and we began to hear more and more, including some very prominent speeches by Gorbachev, that the Soviet Union is a Pacific as well as a European power and they want to play their role in the Pacific. I think that sort of describes the basic thrust of what they are groping to do at this stage.

I think they have realized that, in the Pacific as well as in Europe, they have not been able to translate their military power into meaningful political gains. But I think until they achieve much more than they have in the area of restructuring their own economy, they are going to continue to find it difficult to play on the main field, which is the economic one.

Senator WIRTH. What do you think are their military intentions?

Mr. WOLFOWITZ. I think they regard it as a major theater of operations, one in which there are large interests at stake in the event of either a conflict with the United States or a conflict with China.

I think their assessment has to be over the last few years that both such types of conflicts are reduced in probability, and I think that is a reason why we are seeing some reduction in their out-of-area operations, some reduction in their presence at Cam Ranh Bay. I think at the same time over the long term they intend to continue improving their basic capability if possible, probably with smaller numbers but with more modern kinds of equipment.

Senator WIRTH. We have seen a very significant reduction of their exercises. Cam Ranh Bay is almost gone altogether; is that right?

Mr. **Wolfowitz**. There is a very significant reduction in the air presence at Cam Ranh Bay. I am not sure about the naval presence, if the level of ship visits has gone down as dramatically.

Admiral **Pendley**. I think the reductions are in both areas. You are correct, Senator.

Senator **Wirth**. There is now a greater concentration of their exercises in the north in the Sea of Okhotsk; is that right?

Admiral **Pendley**. Yes. Their exercise activity now is closer to home.

Senator **Wirth**. Both air and navy exercises?

Admiral **Pendley**. That is correct.

Senator **Wirth**. That is of concern to the Japanese because now suddenly there is a greater concentration of exercises very close to Japan? Is there any kind of a relationship there?

Admiral **Pendley**. No, I do not think there is that kind of relationship. The Japanese have always felt the pressure of the Soviet threat because of its proximity to them. Even when the out-of-area operations were bigger, still, the bulk of Soviet forces were poised in the Northeast Asia region.

Senator **Wirth**. The withdrawal of a lot of exercising from the South to the North has not created any kind of problems for the Japanese that they do not perceive more in air exercises or more naval exercises, and that has not heightened the concerns between the Japanese and the Soviets?

Admiral **Pendley**. We have seen no heightened concern in that regard.

Mr. **Wolfowitz**. I think it is viewed as a modest but welcome step in the right direction. It is not a tension heightening step. It is a recognition which reflects a less highly triggered Soviet posture. I think that is welcome. The basic force structure, however, is largely what we have seen for a while.

We expect to see some significant reductions as they retire older ships, but the modernization program, especially in their navy, continues at a pretty vigorous pace. That is, I think, the main source of concern.

Senator **Wirth**. Well, I think again with these changes going on there and changes going on for us and both our economic concerns that this would be a ripe area for us in which to be having quite extensive discussions with the Soviets.

I would again say to you, Mr. Secretary, as I have said to Mr. Ford, that when I was in the Soviet Union and touching on Asia—I will not recount a lot of the specifics but every discussion that we had from Shevardnadze on down showed they were very deeply concerned, wanted to talk about this, did not think that the United States was forthcoming on this, did not think that they were getting anything coming back from our side.

I am sure that, as you have explained, there are some rationale for this. I am not sure that those are good reasons for it. We have a great opportunity there that we are perhaps missing. I made that point earlier, but, again, it comes back with the withdrawal of Soviet forces. It comes back with our concerns about Korea, about North Korean capability. I believe we are missing some significant opportunities here, and I have outlined that in the report that I have talked to Mr. Ford about and about which you and I had a brief discussion. Senator McCain and I went over and talked to Secretary Cheney.

I think we have some pretty ripe ground there for the United States in diplomatic and arms control initiatives.

Mr. WOLFOWITZ. I just do not want the record to reflect the idea that we do not engage with them. We engage with them a lot. It is well known, for example, Admiral Crowe's extensive discussions with his counterpart when he was Chairman, and General Powell's meeting now with Moiseyev. That is reflected at many, many lower levels in which we are engaged, including extensively on these naval issues.

We talk about our concerns and try to get them to understand what our military posture is about. I cannot say that we have made great inroads in that department, either, but the channels are certainly open. The dialogue is there. I actually agree with you. I think it is an opportunity. I think we can advance things.

Senator WIRTH. Let me just say the channels are open, and they are focused on Europe, and I understand that. Everyone is obsessed with that, and we should be in many ways.

There is this other theater in the Pacific, and I came away from my visit there with the very strong impression, talking to our people, talking to the Japanese government, the Koreans and the Soviets, that there was a lot of opportunity here and that we are not fulfilling a lot of that opportunity, and that we ought to be doing more. I do not know how else to put it.

That was the purpose of discussions that I have had with people in the administration, and I will continue to bang on this. I think there are some real possibilities here.

Let me ask you a final question. You quoted Admiral Crowe and talked about his discussions earlier, Mr. Secretary. Admiral Crowe said that everything should be on the table and that there should be no sacred cows.

What did he mean by that? To what would Admiral Crowe be referring in terms of sacred cows?

Mr. WOLFOWITZ. I do not know the context of that.

Senator WIRTH. He was talking about arms control, that we ought to be having extensive discussions with the Soviet Union. And I think he used the term "no sacred cows." Any suggestion that he could have been referring to naval arms control?

Mr. WOLFOWITZ. That would be a reasonably good guess, but I do not know the quote itself.

Senator WIRTH. Why would you say that is a reasonably good guess? Is naval arms control a sacred cow?

Mr. WOLFOWITZ. I do not think it is a sacred cow, if he wants to call it that. It has clearly been a bone of contention. And we have faced a lot of Soviet proposals to get into naval arms control.

I would emphasize it is not, as a matter of principle, that we are reluctant to pick up on the kinds of things they have been proposing. We have one of the most successful arms control agreements, I think, ever negotiated, the agreement on prevention of incidents at sea. That is naval arms control, and it has worked and it has worked even in some of the worst times in U.S./Soviet relations.

Senator WIRTH. When was that negotiated?

Mr. WOLFOWITZ. In the 1960s. Do you remember, Admiral?

Senator **Wirth**. Have we done anything since, do you know?

Admiral **Pendley**. Yes, we have.

Senator **Wirth**. What have we done since?

Admiral **Pendley**. We have annual meetings, as a matter of fact, with the Soviet Navy, navy-to-navy every year, and have had them now for years, alternating in the Soviet Union and in the United States. They are basically designed to inhibit the types of encounters at sea that could lead to tension. So it has been a very successful agreement. I think the Soviets think it is a very successful agreement.

Senator **Wirth**. Other than that agreement in the 1960s, what other agreements have we reached since that one in the naval area? I do not know. I mean the Air Force has done a variety of things. The Army has done a variety of things. What else has the Navy done?

Mr. **Wolfowitz**. Well, not the Navy specifically, but we recently negotiated something that in fact builds further on the incidents at sea agreement and the prevention of dangerous military incidents. That was negotiated just a year ago.

But there is a problem in the area of naval arms control. And that is that there are some basic asymmetries. We depend on the oceans in a way the Soviets do not depend on them. And it means that a lot of proposals the Soviets come up with end up affecting our interests much more dramatically than they do their interests.

In the mid-1970s, we got very deeply into a negotiation with the Soviets on arms control in the Indian Ocean. And the United States, in my opinion, very ill-advisedly, put on the table a proposal which, if the Soviets had accepted it, would have put us out of business in the Persian Gulf. We would not have been able to do any of the crisis deployments that we found later necessary in the hostage crisis. We would not have been able to do the escorting of tankers that Senator Warner referred to earlier. We would have been basically out of business.

Fortunately, the Soviets were greedy then; they wanted even more than what we were offering. And so the agreement never happened. But it was an example of the fallacy of saying, well, let us go to equal numbers on each side, forgetting that our Navy is necessary to perform a lot of functions.

Senator **Wirth**. You know as well as I do that nobody is suggesting equal numbers. Nobody is suggesting that we are not a maritime power and that we do not have to protect sea lanes. The question I am asking is, has the Navy—I am just looking for the sacred cow out there—has the Navy negotiated or proposed any agreement since the "Incidents at Sea" treaty? Do you know?

Mr. **Wolfowitz**. There has been, as I said, the agreement on prevention of military incidents, which includes naval forces. In fact, naval forces are probably the most prominent part of that agreement.

Senator **Wirth**. Do we have discussions about navy doctrine with the Soviets, do you know, Admiral?

Admiral **Pendley**. We have had some minor discussions as a result of the ship visits and exchanges, and the exchanges of high level military visits. But to my knowledge there is no formalized type of discussion of that type.

Senator **Wirth**. Should there be? I mean they were very concerned, for example, about the Lehman-Watkins doctrine of forward deployment, right? That would be very worrisome to anybody I would think.

Mr. **Wolfowitz**. We have discussions. In fact, Admiral Trost——

Senator **Wirth**. And as General Galvin said, we should be talking about what worries them, and we tell them what worries us.

Mr. **Wolfowitz**. I think that is a very promising area. Admiral Trost, in fact, visited the Soviet Union—I may have my dates wrong, but I think it was 3 or 4 months ago, and had extensive discussions with his Soviet counterpart and with other Soviet admirals, including discussions on matters of doctrine. And I think the more we can do that kind of thing, the better understanding there can be of what we are doing, and maybe some opportunities will be detected for useful arms control.

But what I am saying is there are a lot of, not only not useful, but actually harmful arms control proposals that are out there on the table.

Senator **Wirth**. Oh, I am sure there are. I am sure that there are a lot of harmful ones.

Mr. **Wolfowitz**. Well, the Soviets are pushing a very active agenda of such things. And we have been saying no. And if Admiral Crowe thinks that is a sacred cow, then——

Senator **Wirth**. Well, I do not know if it is those or not.

Mr. **Wolfowitz**. Well, that may be what he is referring to. I think we are right in saying no, because I think those proposals are not good ones.

Senator **Wirth**. No one is sitting here to advocate bad arms control ideas, Mr. Secretary. The idea is that you say just flatly we remain strongly opposed to naval arms control discussions. Which, it seems to me, is a pretty heavy statement to make at a time when it would appear that negotiations around the world have been pretty successful, in which discussions of doctrine are beginning to be very important in understanding what each believes the other is doing and is configured to do.

As we are concerned about the Soviets as a ground power, and they are concerned about us as a naval power, that we ought to be having this kind of discussion. And to flatly say in your report, "we remain strongly opposed to naval arms control discussions," it seems to me really avoids a lot of the opportunities that we face.

Mr. **Wolfowitz**. I think discussions of doctrine are good. And transparency to try to understand what we are doing is a good thing. But I do not think we should get into a negotiation on arms control when we have not identified an outcome that would be desirable to us. And what we have identified is a whole series of Soviet proposals that are harmful.

I know no one in this country is going to advocate a harmful proposal, but our negotiating partner has a whole long list of bad things. And I do not think we should start a negotiation on that agenda. If we have a useful agenda, fine, let us develop it. And then we can talk about negotiations.

Senator **Wirth**. Would it be useful to talk about tactical nuclear weaponry the Navy has in the Pacific? Would that be a useful discussion to have?

Mr. **Wolfowitz**. As a discussion of doctrine and understanding what each side is doing, I can imagine so, yes.

Senator **Wirth**. Are we doing that?

Mr. **Wolfowitz**. I think that is certainly one of the things Admiral Trost talked about.

I might add, by the way, if you want to look for a naval arms control measure, one of the most recent things we introduced into the START negotiations was an agreement to include sea-launched cruise missiles. Your mention of tactical weapons makes me think of that. To introduce sea-launched cruise missiles as part of the START talks is an example of something where the Soviets had been pushing hard and we found something that we thought we could make some movement on.

But a generalized discussion, especially in an area where there is an agenda that is full of minefields, is something I think you have to be careful of.

Senator **Wirth**. Oh, I understand that we have to be careful and that it is potentially full of mines, but to say we remain strongly opposed to naval arms control discussions, it seems to me is a pretty heavy line to have in here in a world that would seem to be running directly counter to that. And that just jumped out at me. Maybe I am overemphasizing that as a line in the report, but that is a pretty stark statement, is it not?

Admiral **Pendley**. Could I make just one comment? I think one thing, too, you have to consider, Senator, is this is a report about Asia. And in Asia our force postures, the Soviet Union and the United States, are not bipolar. They are quite different.

The Soviet Union has 50 divisions in Asia; we have two. Our primary power is maritime power and naval power, and to some extent air power. It is very unrealistic, I think, to think about us going into naval arms control talks, which is really a grab by the Soviet Union at our capability, which is used region-wide.

I see no Soviet proposal to bring their divisions in Asia down to two, and I would not expect one, because they are designed against a different concern that the Soviet Union has.

So I think we have to recognize that fundamental difference in Asia. We do not have the same type of bipolar type of situation that we were fortunate enough to have when it came to arms control deliberations in Europe between the Warsaw Pact and NATO. That is a fundamental consideration that we need to keep in mind as we see proposals coming out of the Soviet Union with regard to arms control in Asia.

Senator **Wirth**. Let me pick up on that. You said we both are configured in very different ways. There are very different kinds of power, and we both have concerns about what the other person looks like.

Is it not legitimate for us to say well, maybe the other side would be concerned about a concentration of tactical nuclear weapons which the United States Navy has in the Pacific. How threatening does that look to the Soviets? How threatening does that look to the North Koreans? How threatening does that look to the Chinese? Are those the kinds of discussions we ought to have or are we going to adhere to we remain strongly opposed to naval arms control discussions?

Now, it seems to me that looking at how each of us perceives the other is a very, very important starting point, and if we are not even going to have those discussions, then it seems to me it is very hard for us to begin to say that maybe there are ways in which if we take X step here, which might be a naval step, they take Y step over here, which might be a different kind of a step related to where their particular strengths are.

Mr. FORD. Senator Wirth, you are using a generic arms control that I think we can accept. I mean, as Admiral Pendley has pointed out, as Secretary Wolfowitz has pointed out, we talk to the Soviets on a wide range of subjects. We discuss those subjects, tactics, strategy, arms control. We talk about deployments. We talk about a lot of things.

What is referred to in the report is that at this point in time, given the Soviet proposals which we feel are not serious proposals, we do not want to sit down and negotiate with the Soviets over naval arms control. Neither do our allies and friends in East Asia.

If you go to Tokyo, if you go to Seoul, if you go to Cam Ranh, if you go to Singapore, if you go anywhere including in Riad and Tel Aviv, they will tell you that they do not want us to get involved in reducing our naval forces in East Asia which are also important for the Persian Gulf and defense of the Saudi oil fields if that should become necessary. Those same ships that we would be talking to the Soviets about reducing, are the ones that go to the Persian Gulf, that go to Australia, that go to Japan, that go to Colombia, that go all over the world, the same ships, the Seventh Fleet.

And so, we have been very reluctant to say that it is a good idea for us under the given conditions to reduce or even discuss that with the Soviet Union. They have not come forward with any proposals that were really very serious in that regard.

So, yes, we are reluctant. We do have a very cautious attitude about this particular subject. But when you talk about it, certainly we agree with you. It is important to talk to the Soviets about this whole wide range of issues, and we commit that we will do that in the future.

Senator WIRTH. I hope that we are. I just want to echo a couple things earlier that Secretary Wolfowitz said in relation to our invitation to the Soviets about team spirit. He said we would not do that because they do not recognize South Korea, and that was the response. Right?

Mr. WOLFOWITZ. Yes.

Senator WIRTH. I mean, they were there for—did not the Soviets participate in the Olympic games in Seoul?

Mr. WOLFOWITZ. Yes, they came to the Olympics. I do not think they would ever take an invitation to visit——

Senator WIRTH. That is not a very strong threat, is it, to hang that on. And I was again struck by——

Mr. WOLFOWITZ. Senator, look. I think if the Soviets would want to come, and accept such an invitation, it would actually be the kind of breakthrough that might be welcomed. My point is you cannot take our failure to invite them as some sign of lack of seriousness.

Senator WIRTH. I spent a good deal of time with the Soviet Deputy Foreign Minister for the Far East, Mr. Rogachev. We had this discussion for a lengthy period of time, and he, in turn, came back and said we would very much welcome a discussion of naval confidence building measures. That would be an important thing for us to do. He used the words "modest," "pragmatic," "confidence building measures." All right.

He talked about notification of military exercises, mutual invitation of observers at exercises, a whole realm of things that it does not seem to me are very threatening, and would be the kinds of initiatives that we could be taking. If that is what they are saying they would like to do, why do we not do it? If there are things that we want to do on the other side and use that as a kind of leverage, you know.

And, again, I see a cow kind of poking its nose out from underneath the tent in here. Maybe what we want to do is get it in the tent a little bit, and that would be an important—I think that there is a great reluctance here, Mr. Secretary, and I sensed that before when Admiral Trost was up. It was very, very clear. Your report again reflects no interest in naval arms control discussions. I think that in this and in other areas there are a lot of opportunities, and I hope that maybe as time goes on we can do a little more in taking advantage of those or maybe those of us who believe those opportunities there will be satisfied that they are not there, as you all suggest, or that there are—that this would get us involved in a quagmire of accepting all kinds of unacceptable arms control measures, which is not our intent.

Anyway, I think there are some opportunities here. I am not going to pursue it anymore unless you want to respond in any way.

Mr. WOLFOWITZ. We certainly understand your point, Senator, and we will go back over it.

Senator WIRTH. I have tried to lay that out as carefully as I can in my report which I have talked to Mr. Ford about.

On behalf of the committee we thank you all very much for being here. Any other closing words for the good of the order that any of you would like to make?

Mr. WOLFOWITZ. I think I would just like to close by again saying that the East Asia Strategy Report was one report we did appreciate getting, and I think the process that has produced the report has been one that has actually moved our policy forward, and I want to thank the Senate as well as my colleagues here for having achieved that.

Senator WIRTH. We appreciate your being here, Mr. Secretary, Mr. Ford, Ambassador Holmes, Admiral Pendley. Thank you very much.

[Whereupon, at 11:20 a.m., the committee adjourned.]

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